Workers’ Involvement at the workplace and Job Quality in Europe

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Abstract

The paper focuses on workplace practices aimed at increasing workers’ direct voice, a job quality dimension in the European Employment Strategy for which there are no agreed indicators. It offers an analysis of the theories, debate and research on the impact of workers’ direct participation on jobs’ quality and quantity, including its interaction and tensions with representative participation. It also reviews the main databases available and offers a meta-analysis on the extension of direct participation in a range of European countries. Finally, it reflects on issues for future research.

Keywords

Employee involvement, social dialogue, employment relations, job quality, job security
Introduction: main debates and European policy on workers’ involvement

Workers’ involvement at firm level has an old tradition based on democratic and humanistic arguments and thus enjoys a relatively high degree of social legitimacy in Europe. Within this tradition it has been the object of EU regulation: in March 2002 the European Directive on Informing and Consulting Employees (Directive 2002/14/EC) was passed by which undertakings with at least 50 employees must inform employees about their economic situation and to inform and consult them on issues concerned with employment and work organisation. The directive allows for direct participation to be a method used to inform and consult employees “as long as they are always free to exercise the right to be informed and consulted through their representatives” (art. 16). This directive was to complement at the national level the legal framework on workers’ participation that had been created for companies present in several EU countries (Directive 1994/45/EC on European Works Councils and Directives 2001/86/EC and 2003/72/EC).

However a specific interest in workers’ direct participation in the last twenty years or so has been driven mainly by economic arguments. Put simply, employee involvement increases the efficiency of organisations in two ways: by increasing firms’ capacity to respond quickly to changes in the environment and by increasing workers’ productivity. These two effects are a consequence of using better existing worker’s knowledge, of promoting the acquisition and deployment of new skills among them, of increasing the information at their disposal and their discretionality levels, and of a possible improvement of workers’ motivation. By increasing individual responsibility and awareness of the business situation it also promotes a change of attitude towards work with a greater acceptance of change and possibly, a different discipline of work. In terms of management theory it is the high-commitment/high-performance literature that better reflects this view (cf. Appelbaum et al. 2000). New developments on contingency theory also point in a similar direction: considering the European context of social, economic, educational, industrial relations and political factors some degree of employee involvement pays off (cf. Boxall and Purcell 2003). In terms of societal effects it supports, in theory, a high-skill/high-wage economy.

Yet, there is substantial debate around the managerial-led increase of employee involvement at firm-level in the last decades because it has both the potential of increasing the quantity and quality of jobs and of decreasing them. To have a positive impact some of the gains of employee involvement must be transferred to employees in the way of stable employment, better pay and/or greater job satisfaction. This will not necessarily occur if the financial gains are passed uniquely to investors, and employees face instead work intensification, equal or less pay and employment cuts; yet, firms have powerful short-term incentives to do so. Furthermore, in Europe there is some evidence that this trade-off in the form of productivity agreements between workers’ representatives and firms (offering greater flexibility in terms of work organisation and working time and cost savings) is taking place mainly in order to keep employment levels or minimise employment cuts, with little impact on wages. In this case, whether still employed or made redundant the main benefit of
employee involvement for workers becomes that of having increased their employability by developing new skills. Even if in the short and medium terms the effects of increasing employee involvement on the quality and quantity of jobs appear (as will be shown) muddled, theoretically the restructuring of work organisation towards an increased involvement of employees is necessary to keep Europe market-adaptable and relatively cost-competitive and therefore, employed. The question then becomes how to make sure those jobs are also better jobs.

These debates have also been reflected in European policy. In the late 1990s, direct participation’s possible role in modernising work organisation came to the fore of European policy to improve workers’ motivation and adaptability (European Commission 1997, 1998). Yet, a few years later, the emphasis shifted to its potential of improving the quality of jobs. ‘Social dialogue and worker involvement’ were explicitly mentioned as a dimension of quality in work in the 2001 European Commission framework for investing in quality (European Commission 2001: 8) and in the 2003-2005 Employment Guidelines for the European Employment Strategy (EES) (Council of the European Union 2003: 17).

Its impact on workers’ influence is the argument used to justify its consideration - along with social dialogue - as one of the dimensions of quality of work in the EES, signifying a return to the democratic argument for participation. As we will see, direct participation can also be linked to all the other dimensions of quality of work considered in the EES: work performance, intrinsic job quality, skills and career development, gender equality, health and safety, flexibility and security, etc.

However, and despite the recommendation of the Employment Committee of examining urgently the possibilities of measuring employee representation and involvement (Employee Committee 2001: 3), this dimension it is not addressed in the list of possible indicators (European Commission 2001: 13). Then in 2007 the European Council states as one of the principles of ‘good work’ workers’ participation (European Council 2007: 7) evidencing it remained a well-established dimension of jobs quality in Europe. Still no key indicators were ever identified for this sensitive dimension of quality in the EES “characterised by strong divergences between Member States and also weak and polemical indicators” (Peña-Casas 2007: 11). The possibility of competition between channels for direct and indirect voice can also be reasonably thought to be at the heart of a lack of agreement between European social actors on this topic.

The paper will first reflect on basic concepts, available data and indicators. It will also review the research on the impact of direct participation in jobs, explore the tensions between direct and indirect participation and will describe some national differences in Europe. Finally, general lines for connected further research will be suggested.

**The wide and narrow concepts of employee involvement**

Workers’ participation or employee involvement in its wider sense can be defined (paraphrasing Boxall and Purcell 2003: 162) as a _variety of processes and structures_
which enable, and at times encourage, employees to directly and indirectly contribute to and influence decision-making in the firm and in the wider society (cf Green 2006).

Involvement can be formal or informal; de jure or de facto; have a technical focus or a distributive focus; occur at the individual, group, plant, company, sectoral, national or supranational level; it can be direct or through representatives (indirect); it can be informative, consultative, delegative or co-determining (see below); it can refer to financial participation and types of employee ownership; it can be more or less frequent, to have a greater or lesser scope and to be more or less effective.

In this paper we differentiate between direct participation and indirect participation and will refer to the first one as employee involvement (narrowing the term) and to the second as social dialogue to emphasise their strong differences. However, employee involvement may be considered a wider concept than direct participation as in the high-performance literature (Appelbaum et al. 2000). For instance Forth and Millward (2004: 100) differentiate three types of practices conducive to employee involvement: task practices, such as team working, functional flexibility, continuous improvement and quality circles; individual supports, such as team briefing, extensive information disclosure, and training specific to the task practices or the communication skills required; and organisational supports, the firm policies necessary to attract and retain highly skilled and motivated workers such as job security, extensive internal promotion prospects and financial participation.

Regarding direct participation a useful classification is that between informative, consultative and delegative participation. The first refers to downward communication, i.e. to forms of giving employees information top-down be it general about the firm, about smaller units like a department or about the person’s performance. The second group refers to schemes in which workers opinion is sought somehow be it face-to-face individually or in a group or be it via suggestion schemes, workers’ surveys and the like. The third group refers to schemes that give workers some decision-making capacity on a given set of issues such as semi-autonomous group work and problem-solving groups. Such functional classification has the advantage that it can also be applied to indirect participation mechanisms.

Data and indicators at the EU level

Survey data from employers

A study of eighteen national surveys on working conditions by the European Foundation for the Improvement of Living and Working Conditions (2003) found questions to employers on participation only in a handful of national surveys in a handful of countries: Canada, Estonia, Spain and the US. The data for Spain, for instance, corresponds to the 1999 National Working Conditions Survey and the question was removed in later surveys. A link to each survey is provided online at http://www.eurofound.eu.int/ewco/surveys/national/index.htm

There is a specific cross-country survey-based study of direct participation that was commissioned by the European Foundation for the Improvement of Living and Working Conditions: the EPOC project was carried out in 1996 in Denmark, France,
Germany, Ireland, Italy, the Netherlands, Portugal, Spain, Sweden and the United Kingdom (EPOC 1997). Its data has been widely used in research (cf. OECD 1999). A previous and most influential comparative study of workers’ participation in twelve countries is the Industrial Democracy in Europe (IDE) Project (1980, 1993).

Though not offering comparable data some specific national studies on flexibility are further sources such as the DISKO project in Denmark, the NUTEK survey in Sweden and the Norwegian study on flexible work organisation. An excellent summary of other surveys offering data on teamwork and other forms of direct participation can be found in the Annex 2 of the report on teamwork of the European Foundation for the Improvement of Living and Working Conditions (2006).

Some comparable data on workers’ participation for the British Workplace Employment Relations Survey (WERS) may be found in the Australian AWIRS data, the French REPONSE survey of DARES as well as in the WERS-inspired regional-based Reggio Emilia (RE) Italian survey and the Asturias 1999 Spanish Survey. Another large-scale national survey that includes information on employee involvement is the IAB Betriebspanel in Germany.

Survey data from employees

The IDE project (1980, 1993) offers the first cross-country data on participation in Europe from employees attitudinal surveys. There is some more recent information contained in comparable employee surveys such as the European Working Conditions Survey (EWCS) and the 1996 Eurobarometer - if the latter is not strictly an employee-only survey. The questions are: influence over work organisation change (great deal/ quite a lot), consultative meeting on important organizational developments (Q 26 and Q 28 Eurobarometer 1996), consulted on organizational changes in the last 12 months (EWCS 1996) and possibility to discuss organizational changes with someone (EWCS 2000). More specifically the first two are: “Suppose there was to be some decision made at your place of work that changed the way you do your job. Do you think that you personally would have any say in the decision about the change, or not? (If yes) how much influence over the decision do you think that you personally would have? A great deal, quite a lot or just a little?” (Q. 26. Eurobarometer 44.3 1996); “Thinking now of how you got news about important developments in the organization you work for. Does management hold meetings in which you can express your views about what is happening in the organization, or not?” (Q. 28. Eurobarometer 44.3 1996). Another employee survey, carried in 1999 for France, Germany, Italy and the UK (Kessler et al. 2004) used similar questions.

A question in EWCS 2000 provides information about whether any exchange of views on work organisation changes (with colleagues, staff reps, superiors or outside experts) lead to improvements at the workplace (Q.30.c.1). This question can be considered an indicator of employees’ perceived influence. Another question allows us to know the employees’ perceived ability to discuss with superiors the organization of the person’s work when changes in work organization or working conditions take
place (Q. 30.b.2.), which can be considered employees’ perceived degree of job-specific consultation (Paoli and Merlilié 2001)
   a. The ESWC 2005 has introduced some question changes. Question 30 has been changed to: “Over the past 12 months have you or not...?”
   b. Had a frank discussion with your boss about your work performance?
   c. Been consulted about changes in the organisation of work and / or your working conditions?
   d. Been subject to regular formal assessment of your work performance?
   e. Discussed work-related problems with your boss?
   f. Discussed work-related problems with an employee representative?
   g. Note that formal performance assessment is now considered as a form of communication in the survey. On the information employees receive there is only one question related to health and safety (Q. 12). Question 30.c.1 has disappeared and question 30.b.2 (30.b in 2005 EWCS) has slightly been altered from “are you able to discuss” to “have you been consulted” which may have affected the results but is now comparable to the question in EWCS 1996.

EWCS 2000 information on teamwork is limited to Q. 27.b.2 (equivalent to Q. 26.b in EWCS 2005). The questions on the EWCS 2005 regarding teamwork are: Q26. B “Does your job involve doing part or all of your work in a team?” (Yes/No), and Q26. B.1. “Do the members of the team decide by themselves... a) on the division of tasks?”, b) who will be head of the team?”.

Regarding national working conditions surveys there is employee information regarding workers’ participation and consultation in Denmark, Spain, Estonia, France, Finland, the Netherlands, Portugal and Sweden (European Foundation for the Improvement of Living and Working Conditions 2003). Some information is available also in Bulgaria’s 2005 WCS (Eurofound file BG0509SR01).

In some countries Quality of Working Life surveys include some questions about participation. This is the case for at least Finland, the Czech Republic, Italy and Spain. The same applies to the Working Life Barometer of Estonia. The British WERS also has employee data regarding participation.

Qualitative data

There is a wealth of comparative case-based research in the area of direct participation in Europe often -though not only- linked to EU financed projects on flexibility and innovation. Substantial qualitative research has been carried out particularly on teamwork and the wider – though closely connected to direct participation- area of job autonomy (cf. Murakami 1999; Delbridge et al. 2000; Pruijt 2003; Frobel and Marchington 2005). Regarding other forms of direct participation such as those information-based (ascending or descending) qualitative research is less common but some is available (Dundon et al. 2006; Wilkinson et al. 2004; Grugulis et al. 2000).
The ETUI indicator

As mentioned in the introduction, there is no indicator for the dimension of job quality in the EES that refers to workers’ voice: social dialogue and workers’ involvement (European Commision 2008: 153). The lack of agreement on how to measure this dimension of job quality has created a strange situation in which the EU cannot monitor to what extent a goal of the EES is being achieved. The ETUI has taken the initiative in filling this gap by developing an index for measuring job quality in Europe that includes a sub-index for collective interest representation and voice (Leschke et al. 2008: 12). This is a composite of the proportion of workers covered by collective bargaining, trade union membership rates, and the proportion of workers reporting they are being consulted about changes in work organisation in the EWCS 2005. However, such indicator has important limitations to measure both indirect and direct participation in single countries and to carry out comparisons (Lesche and Watt 2008), which strengthens the case for developing better datasets and better indicators of workers’ voice in Europe.

Explanatory and descriptive research

Introduction: impact on firm’s performance

To measure the effectiveness of participation the most common research aim is to consider the effects on the firms’ performance. This is a difficult quest. Not only there are many different schemes to look at but also different uses of them and many combinations of them. There is also often a problem of causality in the sense that it is difficult to disentangle completely what may be an effect of participation schemes from other changes in the firm. Lastly, there is the question of how to assess performance: productivity, impact on stock prices, quality, absenteeism, industrial relations climate, job satisfaction to name but a few. The results are also varied, and although on average they tend to be supportive (cf Levine and Tyson 1990; Wagner 1994) the question of whether successes tend to be more reported than failures still hangs in the air (Strauss 1998b).

Despite these limitations the EPOC study waxed lyrical on the effects of direct participation in Europe. Sisson (2000: 5-6) reports that the strongest impact was on quality, where more than 90 per cent of managers saw a positive impact, followed by effects on throughput time (between 62 and 70 per cent), cost reduction (between 56 and 66 per cent) and increased output (between 44 and 58 per cent); the effect on indirect labour costs such as absenteeism were smaller. Further, the more forms of direct participation that were used, and the greater the scope of the form the greater the reported effects.

Yet we must also consider the results from the 1998 and 1990 UK WERS of Addison and Belfied (2001) regarding employee involvement, pay and representation. Perhaps the most important finding of this study is that there is no consistency through time in the impact of particular forms of employee involvement, pay or trade union presence on financial performance. They enumerate a long list of factors
that may explain this: changes in the economic cycle, changes in strategies, cultures or general governance, the measurements of performance, the use of dummy variables for participation schemes, the presumption of linear relationships between performance and participation, the effects may be too small or too short-lived, bias of the respondents, etc. It could even be the case that as Freeman and Kleiner (2000) propose employee involvement simply does not greatly affect productivity but still benefits both workers and managers.

It is also very possible that the rewards for the firm of implementing participation schemes are mainly long-term (Kato and Moroshima 2002) while entailing significant short-term costs (Appelbaum and Berg 1996; Whitfield and Poole 1997). Thus, long-term managerial commitment would be a necessary condition for the financial success of the schemes. Yet, participation can have some indirect beneficial effects for performance in the short-term: to the extent that participation has become a popular management technique it may increase the business reputation of the firm (Staw and Epstein, 2000) and its managers (Marchington et al. 1993) in the short-term. On the other hand, not all schemes may be equally efficient, as Addison and Belfield (2001) suggest, or they may not suppose such radical changes in the organisation (see Harley 2001; Ramsay et al. 2000). This is not inconsistent with Addison and Belfield findings that problem-solving groups had a positive effect on productivity levels, changes in productivity and quit rates. The fact that some communication schemes (meetings with top management) were found positive for quit rates and IR climate, others (briefing groups) had a positive impact on productivity, and others had no effect is a further indication of how different employee involvement schemes may serve different purposes.

**Impact on job quality**

The impact of direct participation on job quality has received much less attention than its impact on organisational performance (Bélanger 2000). However, employee involvement practices are perhaps the most basic feature of high performance workplace practices (Ichniowski et al. 1996; Forth and Millward 2004) allowing us to draw on much of this literature. In principle participation should improve on one hand, the quality of work life by its impact on actual job characteristics; on the other, given its productivity-enhancement effects it should lead to higher pay and job security. An assessment of the impact of direct participation on job quality can thus be done distinguishing between its effect on intrinsic and extrinsic facets of a job. It can be advanced that, in general, both research and theory on the impact of workers’ employee involvement on job quality offer a mix of positive and negative outcomes that are not mutually exclusive.

**Impact on intrinsic aspects of work**

An increase in direct participation will affect intrinsic aspects of work such as relations (since it can alter communications in content, direction, interlocutors and intensity), the actual work (tasks content, variety and attached responsibility), and the degree of influence (degree of initiative and autonomy). Influence is itself associated
with trust (Green and Tsitsianis 2005) which along with the intrinsic aspects of the job, may affect organisational commitment and job satisfaction (Ramsay et al. 2000). The latter is the indicator most commonly used to measure job quality (Rose 2004).

Thus, on the positive side, direct participation can improve perception of influence (Delbridge and Whitfield 2001; Gallie et al. 1998; Freeman et al. 2000; Bacon and Blyton 2003), collective relations and work climate (Collins and Smith 2006; Antonioli et al. 2004); by increasing workers’ discretionality it can lead to more meaningful work improving the sense of achievement (Green and Tsitsianis 2005; Edwards et al. 1998; Appelbaum et al. 2000); it can induce a cultural change towards improved trust and loyalty resulting in an organisational citizenship behaviour (Godard 2001; Tsui et al. 1997; Gallie et al. 2001; Collins and Smith 2006; Evans and Davis 2005); it could make employees more powerful as proposed by Osterman (2006); it can improve workers’ skills since workers are more likely to receive more training (Appelbaum et al. 2000; Gallie et al. 1998; Whitfield 2000; Bacon and Blyton 2003; Caroli and Van Reenen 2001) and it has been found to close skill gaps between part-timers and full-timers and between temporary and permanent workers (Felstead and Gallie 2004). Studying the 2000 European Working Conditions Survey, Bauer (2004) found that increased autonomy, influence and communications resulted in increased job satisfaction.

On the negative side, however, direct participation may give workers little real influence (Dundon et al. 2001); by increasing responsibility it can lead to work intensification, greater time pressures and stress (Ramsay et al. 2000; Green 2004; Smith 1997), all of which can also lead to increased workplace hazards (Brenner et al. 2004) and to worse collective relations; it can lead to increased control (self-control and peer-based), coercion and compliance (Drago 1996; Barker 1999); it may simply not improve work experience (Harley 2001) or induce no cultural change (D’Art and Turner 2006), be a mere means of obtaining legitimacy for workplace change (Martínez Lucio and Stuart 2004) and it may lead to a polarisation of job quality, with a worsening for atypical workers (Smith 1997).

Impact on extrinsic aspects of work

Direct participation can also have an indirect impact on extrinsic facets of work that in turn affect job satisfaction and thus job quality. Mainly, it can affect job security, pay and promotion prospects.

On the positive side, direct participation as part of the high performance paradigm is supposed to contribute to delivering an organisation of work that relies on the higher productivity of skilled jobs and motivated workers. Employee involvement, particularly in the form of team work and quality circles though not only, has been found in several studies to lead to higher wages and job security (Bailey et al. 2001; Capelli and Neumark 2001; Forth and Millward 2004; Black et al. 2004; Osterman 2006). Forth and Millward (2004) provide a more finely grained account of the relationship between involvement, pay premiums and job security. They found that in the UK high-involvement practices had an 8 per cent wage premium compared to traditional management or a mixed approach (which had no premium), and that job security was a necessary condition for that wage premium of
high-involvement practices: where there was no job security guarantee the wage premium of high-involvement practices disappeared.

On the negative side, some research points that the increased productivity may be absorbed by the firm and not transferred to workers. In this case it will result in lay-offs (Drago 1996; Osterman 2000; Black et al. 2004; EPOC 1997) and/or no wage gains (Osterman 2000; Handel and Gittleman 2004; Osterman 2006). Osterman (2006) found that performance gains were not transferred to workers when individual merit-based pay was more important components of pay than wages. Also, it may improve only the pay of some workers thus increasing wage inequality within the firm (Black et al. 2004).

Finally, by improving the skills and training of the workers and their opportunities to shine, participation should enhance both the employability and the promotion prospects of workers. This aspect of the impact of participation has been little researched.

**General methodological caveats**

The first point to make is that although research so far tips-off the balance in favour of the positive effects of participation there is some substantial evidence of a trade-off between positive and negative effects. In other words, participation can contribute to a simultaneous improvement and deterioration of job quality in different aspects of work (Blyton and Bacon 2003). For instance, both in the UK and Canada employee involvement has been found to increase workers’ commitment but also job strain and stress (Ramsay et al. 2000; Godard 2001).

Also manager’s actions may pull in different directions, for instance increasing information and consultation and the sense of influence while increasing control and decreasing task discretion. This type of strategy mitigates downward pressures on job satisfaction (Green and Tsitsianis 2004) with employee involvement acting as a cushion for the negative effects of an increased rationalisation of work. Thus, for instance, Gallie et al. (2001) found that both broad involvement mechanisms and improvements in the work task (such as increasing the skills needed or giving greater scope for personal initiative) had a positive impact on organisational commitment. Overall, however, employee involvement had no significant impact on commitment because of a parallel trend towards a reduction of employees’ scope for decision-making in terms of task discretion and an increase of control of work performance. In the author’s words, “the most significant factor curbing any growth of commitment was the reluctance on the part of management to modify the traditional division of labour by significantly expanding employees’ scope for decision-making” (D. Gallie, A. Felstead and F. Green 2001: 1096). Similarly, looking at the extrinsic aspects of work, employee involvement can be intended to cushion the negative impact on labour productivity of lay-offs (Zatzick and Iverson 2006).

More generally thus, context and management objectives are very relevant factors to explain the likelihood of positive and negative effects of employee involvement on both intrinsic and extrinsic aspects (see next section).

The second point relates to the different impact of different types of participation. In general, it appears from the literature that delegative forms of
employee involvement - which mean greater changes in responsibility and changes to work organisation - are more prone to have negative effects on workers than informative or consultative forms. For instance, regarding perceived job influence, in the UK Delbridge and Whitfield (2001) found either negative or no significant association between focused forms of participation at the point of production (quality circles, problem-solving groups and continuous improvement groups) and perceived job influence – with the only exception of groups that could elect their leader; however, schemes that allowed a broader involvement in decision-making (representative participation and briefing groups) were positively associated with perceived job influence. In Canada, Godard (2001) found group work and information sharing such as briefings to have positive outcomes for workers while team autonomy and team responsibility for a good or service were associated with work overload, stress and fatigue. This may be the case also for extrinsic aspects of work: Black et al. (2004) found employment reductions were more likely in US companies when self-managed teams had been introduced than when discussion groups had been introduced.

The third relevant point is that most often a linear relationship between direct participation and its positive outcomes is hypothesised and found, i.e., the more direct participation (the more schemes and the more intense), the better impact on job quality. For instance, Forth and Millward (2004) found that the firms with more practices of employee involvement had the greater wage premium. However some evidence points in a different direction. For instance, Delbridge and Whitfield (2001) found little evidence of positive interaction between different types of schemes; and Forth and Millward (2004) research shows that the wage premium was little affected by the choice of involvement practices so substitution among them is possible. Further, some studies have found that low or intermediate levels of direct participation may be better for workers job satisfaction (Godard 2001a; Rose 2004) and firm performance (Godard 2001b) than high levels.

Finally, as mentioned above, job satisfaction is very commonly used as an indicator of job quality, and intrinsic aspects of job quality are most often the focus of evaluation of the impact of employee involvement. However, extrinsic facets of work are found to be more important factors affecting job satisfaction than intrinsic aspects (Rose 2004; Green and Tsitsianis 2005). This has lead Rose (2004) to propose that the emphasis on widening workers’ influence by employee involvement to improve job satisfaction may be excessive, and also to call for the separate analysis of work and job satisfaction. Considering on one hand, the trade-offs between simultaneous improvement and deterioration of intrinsic aspects of jobs and, on the other hand, the impact it can have in extrinsic aspects of jobs, a more balanced account of the impact of participation on workers could be obtained adopting the approach proposed by Rose.

Contingent factors mediating participation’s impact on job quality

Firm context

There is some evidence that the company context (sector, technology, labour intensity, financial situation, labour market, market strategy) may affect the type of
impact employee involvement has on job quality. For instance, negative effects on job intrinsic aspects tend to appear when direct participation is part of a firm’s survival strategy and/or is introduced in the presence of high unemployment because then work intensification is more likely to be both a management strategy and accepted by workers (Drago 1996; Hunter et al. 2002; Forde et al. 2006). Market strategy has been found more relevant than technology to explain the impact of involvement on wages (Batt 2001). Also, as already reported, job insecurity makes less likely the wage premium that may be associated to high involvement practices (Forth and Millward 2004). Similarly Brown et al. (2008) posed, following Ramsay’s (1977) well-known cycles of control thesis, that low unemployment levels make more likely that the impact of involvement practices on job quality is positive, since in the presence of tight labour markets employers have an incentive to improve job quality in order to attract and retain employees. Thus, Brown et al. (2008) found that improvements on job satisfaction in Britain in the period 1998-2004 were substantially explained by improved perceptions of job security and improved perceptions of management responsiveness to workers’ suggestions going hand in hand.

To elicit high commitment from employee involvement, job security is often mentioned as a necessary structural condition (Kochan and Osterman 1994; Edwards and Wright 2001). Yet, as Osterman for the US (2000), the EPOC survey identified staff reductions and de-layering associated with direct participation. More explicitly, the EPOC project found a relation between the extent of initiatives at organisational change and direct participation: the greater the number of forms and the scope of direct participation, the more change initiatives managers took at the same time. The following were considered: strategic alliances, product innovation, a ‘back to core business’ approach, outsourcing, new technology, automation, downsizing, delaying, working time flexibility and working time reductions (1997: 94). This can be linked to Martínez Lucio and Stuart’s (2004) questioning of the extent to which new forms of management practice and employee involvement are really embedded in partnership and a high-trust workplace. They purport them instead as an attempt to find sources of legitimacy for workplace change disguising the fact that there is no fundamental shift in employers’ culture and strategy. Zatzick and Iverson’s (2006) research finding that employee involvement provides a buffer for falls in job satisfaction following lay-offs would support the view that employee involvement can be highly instrumental in delivering compliance with change.

Finally, since different types of work organisation have associated different levels of intensity of employee involvement (cf Valeyre et al. 2009), a further contextual factor mediating direct participation’s impact on job quality could be work organisation itself. For instance, Brown et al. (2008) found that the number of practices of direct participation or supporting it was not an important determinant of job satisfaction except were workers perceived they had a high degree of control on pace and organisation of their work.

**Managerial objectives**

Bacon and Blyton (2000) have argued for differentiating between employee involvement practices introduced for narrow economic reasons and those aimed at
changing employee attitudes and commitment. Following Mueller (1994) they specify as possible motives of management: i) performance objectives such as increasing productivity and reducing staff levels; ii) cultural objectives such as increasing motivation and organisational commitment; iii) social objectives such as job enrichment and improving skills. They demonstrated for teamwork that the broader the managerial objectives behind employee involvement—all of which may deliver improved labour productivity—, the more beneficial were the outcomes for employees.

**Union presence**

There is some evidence that union presence makes positive effects on pay and job security more likely than negative effects (Black et al. 2004; Forth and Millward 2004; Dundon et al. 2006). Osterman (2006) found no link of pay rises coming from employee involvement and union presence but linked it to a collectivisation of pay: a pay premium was less likely where pay was individualised than in workplaces providing across the board wage increases.

**Institutional context**

According to Godard (2004) in an institutional context of workers’ protection against lay-offs and of representation rights such as the European, negative effects of involvement are less likely than in more liberal institutional contexts. In that sense, it must be pointed out that most of the research reported here comes from liberal market economies and much less is known about the impact of employee involvement on job quality in Europe.

All these contingent factors may be analysed from a more holistic viewpoint. Edwards et al. (2006) propose that both managers and unions have both developmental and control objectives that can be pursued separately. Capital’s developmental concerns relate to the improvement of the forces of production and remaining adaptable while labour’s developmental concerns relate to the improvement of working conditions, job security and fairness. Both capital and unions can put a higher or lower emphasis on control and developmental objectives in different firm and national settings resulting in different issues over which there is conflict and over which there is compromise.

A further issue to consider regarding the institutional setting is how it can affect the satisfaction workers feel with regard to direct participation. For instance, Kessler et al. (2004) found that while British workers had a feeling of low influence through both direct and indirect participation and thought little of direct participation schemes they were highly satisfied with the levels of information and consultation it provided. Conversely, French and German workers appeared very positive about their levels of influence and the importance of direct participation but were dissatisfied with the levels of information and consultation provided. Kessler et al. (ibid) argued that an institutional setting of rights to information and consultation heightened expectations and when not met fuelled dissatisfaction “with the result that well-embedded practices do not always lead to greater employee satisfaction” (Kessler et al. 2004: 531).
The issue of substitution: social dialogue as an independent variable

A fundamental source of debate around direct participation has been to explore whether management-led direct participation has been a deliberate strategy to lower the ‘glass ceiling’ on participation, precluding effectively high-level representative forms - with the workers’ acquiescence (Boxall and Purcell 2003) or without it. Apparently, by 1979 the majority of British workers were satisfied with their degree of involvement in routine decisions but desired more in tactical and strategic decisions (Heller et al. 1979). Drago and Wooden’s (1991) study in Australia and New Zealand found that employees generally desired greater levels of participation than firms were providing, particularly at high levels; that participation at high levels was attributable to workers’ demands; and that the introduction of low-level participation by management deflected employee interest away from higher-level managerial issues. In other words, workers particularly welcomed direct participation. This is consistent with the findings of the IDE (1981, 1993) study that “employees neither get nor desire equal degrees of influence over different areas of decision-making” (Strauss 1998a: 160); workers, foremen and middle managers were content to have least influence over strategic (long-term) and only a little more over tactical (medium term) and a little more still over routine (short-term) decisions.

In Britain, Gallie et al. (1998) found no evidence to support a deliberate use of non-union participation as a means of undermining union representation in the UK in the period 1986-1992. Non-union participation of any kind was slightly more likely where employers encouraged or accepted union membership than where they discouraged it, and “employers that sought to discourage union membership were also likely to discourage all other forms of participative involvement” (p. 108). Neither could they find any evidence of an overall decline in people’s attachment to the principle of trade unionism. However, employees that were in organisations that provided direct participation were less likely to have become more favourable to the unions, regardless of the employer attitude to unions. If anything, direct participation seemed to have the indirect effect of reducing employees’ sense of the necessity for union membership. Also, the third of the workforce affected by direct participation seemed in average more favourable to technological and organisational change, thought their organisations more efficient, friendlier and with better relations between employees and management.

Conversely, a multivariate analysis of the determinants of participation using 1998 data could not find evidence that union presence or absence had an impact on the number of participation schemes schemes adopted but it did on the types (McNabb and Whitfield, 1999). Thus, the presence of a recognised union at the establishment was positively associated with upward problem-solving schemes (quality circles, briefing groups, suggestion schemes and employee surveys), and had no significant influence on the introduction of downward communication schemes (meetings between senior managers and all sections of the workforce, systematic use of the management chain for communication with all employees and regular newsletters). A link between union presence and types of participation was also identified in the US by Appelbaum and Barr (1994): distinguishing between ‘American Lean Production’ and ‘American Team Production’, they found that the
first worked better in non-unionised settings and the second in unionised settings. Workers’ participation in the first relied mainly on problem-solving committees, whereas in the second it was produced via extensive teamwork and representation in decision-making at higher levels.

More generally, the IDE (1981) project had found interdependence between direct and indirect participation in finding a preference for personal involvement in short-term decisions and a represented involvement in long-term decisions. Also, European employers’ organisations and trade unions see both forms of participation as complementary (Regalia 1996), even though employers think they should retain the initiative in direct participation while the unions consider it should be subject to some degree of joint regulation (Regalia 1995). Besides, there is some evidence of synergies for the firm performance between direct and indirect based forms of representation in the US (Eaton and Voos 1994), in Europe (Sako 1998; Sisson 2000) and Japan (Kato and Morishima 2002).

Eaton and Voos (1994) affirmed that participation schemes were more likely to have a positive effect on productivity when backed by a strong union and that unionised firms were also more likely to introduce direct and indirect participation. Sako’s (1998) study of the car industry carried out in 1994 found that better use of information occurred when both a direct (problem-solving groups) and an indirect scheme of participation concurred – although only 14 per cent of UK and 16 per cent of other European plants (German, French, Italian and Spanish) had both. The EPOC survey showed that most European managers found useful the involvement of employee representatives in the introduction of direct participation, and in their impact, and that the scope of direct participation was greater in firms where indirect participation was extensive (Sisson, 2000: 10). Kato and Moroshima’s (2002) study of stock exchange listed Japanese firms also found a positive interaction between high-level and low-level indirect and direct participation schemes. Also, Wood and Fenton-O’Creevy (2005) research on European multinationals in the UK confirmed that employee voice at the firm is weaker in systems based on direct participation only than when direct participation coexists with some form of social dialogue.

Finally, Van Gys’ (2003:10-11) review of the literature concludes that there is a link between direct participation and innovation, and that direct participation is more likely to be more extensive in the presence of indirect participation -although this latter connection does not apply to SMEs. The effects are thus summarised:

- Direct participation: Insight and commitment to business goals; autonomy to make suggestions and improvements; enhancement of knowledge flows; enrichment of management decisions; culture of commitment and support
- Indirect participation: Guidance for employees during processes of change; conflict arbitration; feedback opportunity for management; driver and defender of innovations (if effects on the goals of employee representation are positive)

Does it matter in terms of effectiveness who conducts the representation in indirect forms of participation? Most often works councillors in Europe are also union members and have helped in managing adjustments in staff levels and work organisation to “master the challenges of post-Fordism” (Streeck, 1995: 678). Rogers
and Streeck (1995) analysis of works councils in the US, Canada and seven European states (Spain, Germany, France, Poland, Italy, The Netherlands and Sweden) concluded that they could be better for the management of employment relations than collective bargaining. However, research in Korea (Kim et al. 2003) contrasting establishments with above average industrial relations climate found no evidence that non-union representation generated better commitment or more harmonious industrial relations than union-based representation. In fact, union representation was perceived to perform as well in dealing with mutual interest issues (health and safety, information disclosure, training and skill building), and better in dealing with distributive issues (compensation, benefits, employment security) and workers’ advocacy issues (grievance handling, protection against discrimination and harassment, fairness in staffing). Since union-based representation can be (or at least felt to be) more effective at representing and protecting employees than non-union works councils union avoidance makes economic sense for employers (Kim, Lee and Kim, 2003). But then, this may depend on the union or the works council being proactive and effective and in its base of support.

In general, Strauss (1998a) argues that participation has better results when connected to a strong union because in such environment employees fear less that an improvement in productivity will translate in job losses, and unions provide for a better participatory climate in terms of protection from reprisals. Also, workers’ commitment to participation should be stronger when it has been the result of negotiation, on one hand because they have given their approval and on the other because they will know their gains in it. Ultimately, the success of participation depends, in his view, on good labour-management relations. Yet, both unions and representative participatory bodies are often ambivalent towards direct participation because it will take some areas of influence out of their hands, they may have become alienated from the employees, and can easily have frictions with national unions if seen to engage in ‘plant egotism’, especially within the trend towards decentralised bargaining (Strauss, 1998a).

Arguably, employee involvement has the potential to marginalise unions because it provides “an alternative source of information, ideas and interpretation of workplace experiences” (Beale 1994: 120) in the hope of weakening conflicts of interest (Kelly, 1988). However, it is difficult for unions to argue against improvements in communications, and the key to union attitude may be management’s approaches to industrial relations (Marchington and Wilkinson 2000). Similarly, some argue that the key to management attitude towards indirect participation may be trade union’s approach to industrial relations and its willingness to behave moderately (Crouch 1986; Kochan and Osterman 1994; Bacon and Storey 1996). In other words, this conflict between participatory schemes is mostly the result of competing views on the governance of the firm, and in particular on the role of trade unions.

**Independent variables framework**

Figures 1 and 2 sum up the key concepts and derived variables that may affect direct participation in extension, type, effectiveness and impact on jobs’ quality and
quantity according to different economic, sociological and organisational theories including Marxist analysis, Contingency theory, Systems theory, Cultural analysis, the Resource-Based View of the firm, High-commitment/High performance theories, Network analysis, Neo-Weberian analysis, Regulation school and Organisational Change analysis.

The biggest problem of causality stems from the view that we are witnessing a trend towards a reduced division of labour that leads to an increase in workers’ direct participation, since it is also proposed that direct participation leads to increased autonomy. In general, as shown, most evidence points out first, that representation or direct say on issues more general than the individual’s work gives a greater sense of influence than a say on his/her work; second, that participation, be it direct or indirect, has a positive effect on commitment; third, that greater control counteracts the positive effects of greater voice on organisational commitment; and fourth, that the growth of direct participation cannot be easily associated to a changed division of labour within firms.

![Diagram](image)

**Figure 1:** Core concepts from theories on direct participation

*Source: González-Méndez, M.C. (2008)*

Further, although not shown in Figure 1, it should be considered that from an institutionalist viewpoint the variety of practice of workers’ direct participation in Europe (see next Section) points to organisational choices being bound to the wider societal context in which they are made. The degree of institutionalisation of practices and the efforts of labour, employers and the government to institutionalise
some and de-institutionalise others affects both the firm choices and the firm agents’ expectations on the form and degree of participation that should legitimately be provided or obtained. The interaction of labour, management and government in the political economy determine the extension, types and legitimacy itself of participation at firm level as well as the effect it will have on jobs quality and employment to a great extent.

**Figure 2:** Key variables for predicting high levels of direct participation at a workplace in a given institutional framework

*Source: González Menéndez, M.C. (2008)*

**Describing national differences in Europe**

The European comparable survey data available from employees was reviewed above. This section shows some of the results obtained from it by country focusing on the questions that contrast individual and group-based perceived influence. Table 1 below shows the results for the EU-15 countries obtained from the 2000 EWCS (Questions 30.b.2 and 30.c.1) and two similar questions incorporated in the 1996 Eurobarometer 44.3, as well as Gallie’s (2003) analysis of the latter.
<table>
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<tr>
<th>Countries</th>
<th>Possibility to discuss job changes with superiors (%)</th>
<th>General views exchange lead to improvements (%)</th>
<th>Individual influence over work organization (%)</th>
<th>Consultative meeting on important organizational change (%)</th>
<th>Gallie’s individual influence regression controlled</th>
<th>Gallie’s consultative meeting regression controlled</th>
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<td>EU-15</td>
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<td>54.7</td>
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<td>49.2</td>
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<td>59.4</td>
<td>68.2</td>
<td>1.15***</td>
<td>0.77***</td>
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<tr>
<td>Finland</td>
<td>88.5</td>
<td>77.6</td>
<td>42.2</td>
<td>66.8</td>
<td>0.54***</td>
<td>0.84***</td>
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<td>France</td>
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<td>39.2</td>
<td>59.9</td>
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Table 1: EU-15 employees’ perception of employee involvement, Third European Working Conditions Survey 2000 and Eurobarometer 1996


In the 2000 EWCS, Ireland, Portugal and Greece are the only countries where the proportion of employees perceiving they can have an influence on work organisation change through discussions with a variety of agents (employees’ perceived group influence) is higher that the perceived ability to discuss with superiors the changes regarding the individual job (employees perceived degree of job-specific consultation). The opposite is true for the other thirteen countries which makes individual job influence felt more likely than general work organisation influence. Comparing countries results, it may be observed that the dispersion in perceived influence is very little (17 per cent) compared with the dispersion regarding job-specific consultation (37 per cent). However dispersion regarding the ability to discuss with superiors the organisation of the person’s work in the face of changes is affected by the comparatively low results for one country - Greece; in all the other countries results are around or above 70 per cent of employees. Clearly Denmark is the country where superiors are perceived as most open to discussing individual job...
changes and Germany the country where employees perceive they have a greater influence on general work organisation changes. These differences may reflect different styles of management and different collective relations traditions and institutions.

Regarding the results from the 1996 Eurobarometer, Gallie’s (2003: 69-70) regression analysis taking Belgium as reference country and controlling for several variables shows a slightly different pattern. Please note that the Eurobarometer question about general influence is narrower than that of the 2000 EWCS since it only asked about a specific formal group-consultation mechanism (meetings held by managers where workers could express opinions) while the 2000 EWCS referred to any ‘exchanges of views’- which would allow employees to consider also informal mechanisms of participation and indirect participation channels. Conversely, the question regarding individual influence on job changes is wider in the Eurobarometer than in the 2000 EWCS since it does not limit it to discussion with superiors. Thus the results are not strictly comparable. In Gallie’s study Sweden and Denmark stand out as the most participative according to both Eurobarometer indicators: individual influence on job changes and possibility to give opinion regarding changes in a group meeting; the Netherlands, Greece and France also emerge as having good mechanisms of participation. Portugal and Italy show perceived high levels of individual influence but not of group consultation, while Germany, the UK and Ireland show the opposite pattern—although not significantly.

Another source of comparative data on employee consultation -although only for four European countries- is the survey carried out by Kessler et al. (2004) in the UK, Italy, France and Germany in 1999. They asked “How often are you asked by management over important work decisions?” and “How much influence do you have over important work decisions?”. Kessler et al. (ibid) found that employees in the UK and France, in that order, were the most likely to be directly consulted and significantly more so than employees in Italy and Germany; regarding influence over important work decisions the highest score was found for France, followed by Germany, and the lowest for the UK (Kessler et al. 2004: 522). This survey results thus coincide with Gallie’s only partially. They both confirm the relative strength of France on both indicators and the weakness of the UK in respect to felt influence. Yet, the results of the 2005 EWCS show a change: in the UK workers are consulted more than in the other three countries (52% in the UK, 42% in Germany, 43% in France and 38% in Italy). The Netherlands shows the higher proportion of workers consulted (83%) followed by Lithuania (79%) and Finland (72%). Conversely Portugal shows the lowest levels of positive answers (27.5%) followed by Hungary (36%), Italy (38%) and Spain (39%).

Although the more participative profile of the Nordic countries and the Netherlands seems clear from available data, for other countries such as Greece, Germany or France the characterization is more muddled. In this sense it would be of interest to replicate Gallie’s regression analysis of the Eurobarometer data with the EWCS 2000 and 2005 data to see if countries fared similarly with slightly different questions. Direct participation is a wide concept and country characterizations of direct participation from only two questions may be risky. Also, it must be taken into account that comparison of the 2000 and 2005 EWCS descriptive results shows that
the average percentage of positive responses regarding consultation of the EU-15 employees has almost halved from 83% to 47%. However this could be a consequence of the change of the question.

In regard to teamwork, according to the 2000 EWCS results only in Greece, Portugal (50%), Spain (51%) and Italy (62%) do most employees report not to have to do teamwork. Conversely, the UK shows the lowest proportion of workers not having to do teamwork (24%). Paolli and Merllié (2001) do not know whether to attribute this to organisational or cultural differences. According to the 2005 results, most employees report not to have to do teamwork in Spain, France, Italy, Cyprus, Hungary, Portugal and Turkey. Slovenia shows the lowest proportion of workers not having to do teamwork (15%) followed by The Netherlands (25%) and Estonia (27%).

**Conclusion: research issues**

Further analysis of available cross-national data of direct participation such as that in the EWC surveys is needed in order to map the extension of direct participation in Europe comparatively and by country. A replication of Galile’s analysis of the Eurobarometer data may do a substantial contribution in this regard.

Little is known on to what extent labour management firm policies support direct participation with complementary policies in Europe – the UK excepted. In theory the firm should select and train workers with the aim of making sure the workers have the skills to contribute in a meaningful way through the employee involvement schemes available to them; at the same time, this contribution should be rewarded economically and through career development. There is no comparative cross-country research on the prevalence of such bundles of personnel policies in firms with employee involvement in Europe.

Although the impact of employee involvement on the firm is mostly reported to be positive (increases in labour productivity, reduction of costs), the scant evidence available regarding its impact on wages and employment levels is mixed. Some firms transfer the efficiency gains to workers increasing wages while others do not and little is known on the factors affecting such decision such as characteristics of the workforce, strategic, competitive or contextual variables. In Europe there is particularly little research on the effects of employee involvement on career progression, wages and employment tenure, and much less by groups of workers. The European institutional setting may make less advantageous for firms to use productivity gains as a way to reduce employment levels in the long term; instead it could contribute to the maintenance of current levels but this is itself a research question. In this sense, the role of trade unions may be of particularly importance: the positive relation between direct participation and indirect or represented participation at firm-level found in many European countries may lead to those gains being converted into greater stability of employment and/or better wages.

As for quality of working life, some evidence points that direct participation - particularly delegative forms- when introduced may lead to increased stress. This can easily be the case when workers are required to perform tasks they do not have the
skills and experience for and receive no specific training. Also, bureaucratic and other forms of indirect control such as peer pressure or periodical evaluations are on the rise to compensate for the decline of direct supervision associated with more participative forms of work. These, and particularly if inadequately trained, may result in an increase of workload and subsequently to stress. Again here trade unions may play an important role in minimising the possible negative effects of changes in work organisation and general expectations of individual performance improvements by pressing the firm into providing adequate training. It is also of interest to research how much direct control is being substituted by indirect forms of control and if in balance control has not only changed but increased when employee involvement is introduced or increased.

Also, the impact of employee involvement on hierarchical and peer relations is under-researched. Though theoretically it should lead to more equal relationships under a more participative style of management of the labour relationship there is no evidence sustaining a significant culture transformation at organisations other than towards increasing workers’ awareness of the need of carrying out changes that will increase the firm’s performance.

Of further interest regarding quality of working life is the impact of employee involvement in the feelings of development and actualisation and of job security of the workers and the possible imbalance between these. If perception of being taken into account increases with employee involvement, increased responsibilities, regardless of training, could also easily lead workers to a parallel increased perception of job risk.

More widely, if we are before a general change in the way we work, unions, employers associations and the state should take an important role in providing adequate training. Some education and vocational training systems may perform better than others fostering initiative, self-reliance and team playing. The countries that ought to do a stronger effort here are those with a strong tradition of authoritarian relationships at the workplace, greater reliance on the Fordist organisation of work, relying heavily in atypical forms of work and with weak unions. Those are the most likely country scenarios for the negative capabilities of employee involvement to realise their potential.
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