European Foundation for the Improvement of Living and Working Conditions

Features of micro and small enterprises in the EU

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Introduction

This paper is divided in two main sections. The first section is intended to provide a general overview of the economic and social role played by the European micro and small enterprises (from 1 to 49 employees). Topics analysed in this section include a description of the enterprise structure in the European Union (EU) by enterprise size (number of enterprises, employment and turnover), with special attention to country/sector considerations. In addition, attention is also paid to the employment characteristics within the EU micro and small enterprises (i.e. sex and age considerations, education levels, type of contracts, duration of employment relations, etc). Finally, a comparison between the role of EU micro and small enterprises in comparison to their US and Japanese counterparts will be held.

The second section sets out to provide a definition of the 'employment relations' concept. In addition, the section will look into the European Member States' regulatory frameworks related to employment relations, always from an enterprise size perspective. Examples will include legal provisions on staff representation, information and consultation to employees, employees' participation within the supervisory and administrative bodies and, finally, legal provisions related to collective bargaining and strikes.

Micro and small enterprises in the EU economy

Definition of micro and small enterprises

The European official definition of micro and small enterprises is provided in the European Commission's Recommendation of 3rd April 1996 concerning the definition of Small and Medium-sized Enterprises (OJ L 107 of 30.4.1996, p.4). In essence, the Recommendation (see Table 1) provides a clear global framework for all the measures directed towards micro, small and medium-sized enterprises. The adopted definition is as follows:

Table 1: European definition of SMEs

Variables	**Medium-sized**	**Small**	**Micro-enterprise**
Max. Number of employees	<250	<50	<10
Max. Turnover (in million EUR)	40	7	-
Max. Balance sheet total (in million EUR)	27	5	-

Source: *European Commission*

To be classed as a small or as a micro-enterprise, an enterprise has to satisfy the criteria for the number of employees and one of the two financial criteria, i.e. either the turnover total or the balance sheet total. In addition, it must be independent, which means less than 25% owned by one enterprise (or jointly by several enterprises) falling outside the definition of a small or a micro-enterprise, whichever may apply. The thresholds for the turnover and the balance sheet total are adjusted regularly, to take account of changing economic circumstances in Europe (normally every four years).

For the purpose of this research, micro and small enterprises will be identified as those enterprises with a number of employees between 1 and 49. It is worth underlining that the 0-employee category (that is to say, the self-employed with no employees category) will not be taken into account in this research, since in this enterprise no employment relations as such do exist.

The structure of enterprises in EU-15

According to the Eurostat's official data, in 1996 there were around 18.4 million enterprises operating in the non-agricultural market sectors of the European Union, where these enterprises employed nearly 112 million people, and generated turnover of more than 17,300 billion Euro (see Table 2).

Table 2: *Enterprises in the European Union, 1996. Distribution by employment size class*

Variables	**Size of enterprise**					**Total**
	0	**1-9**	**10-49**	**50-249**	**250+**	
Number of enterprises (thousands)	9,283	7,866	1,087	156	36	18,428
Total Employment (millions)	11.1	27.3	21.0	14.6	37.8	111.8
Turnover (in Euro billion)	660	2,448	2,916	3,385	7,950	17,359

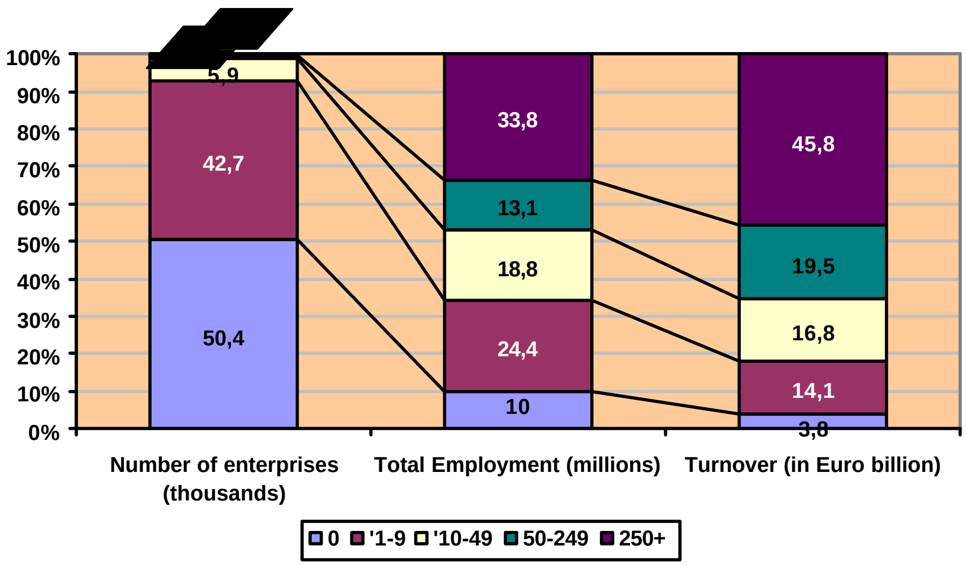
Source: *Eurostat, Enterprises in Europe Sixth Report*

An analysis by enterprise size shows that almost all the enterprises (more than 99%) can be categorised as SMEs (enterprises with less than 250 employees). These enterprises also represent around two-thirds of the total employment and more than half of turnover.

An in-depth analysis by concrete enterprise categories shows several important results (see Graph 1):

- One enterprise out of two is a sole proprietor with no employees (around 9,3 million), where these enterprises account for 10% of the employment.
- Around 43% of enterprises have between 1 and 9 employees, that is to say, around 7,9 million enterprises. 27.3 million persons work for this enterprise category, in other words, one employee in four.

Graph 1: *Enterprises in the European Union, 1996. Distribution by employment size class*



Source: *Eurostat, Enterprises in Europe Sixth Report*

Small enterprises (between 10 and 49 employees) represent 6% of the total number of enterprises (1,1 million enterprises), where their contribution to employment and turnover is very similar in both cases (around 18%).

Lastly, in the European Union there are just around 192,000 medium and large enterprises (50 employees and more) which give employment to 52.4 million Europeans (around 47% of total employment). They also account for 65% of the total generated turnover.

Therefore, and as it can be seen, micro and small enterprises (excluding those with no employees) play an important role in the European market economy. Thus, they represent nearly 9 million enterprises, provide employment to 48.3 million Europeans and produce an approximate turnover of 5,363.8 billion Euro.

However, this important role widely differs amongst the different economic sectors and EU Member States. A discussion of these differences is presented next.

Analysis at country level

This section is interested in analysing the existing situation within the different EU member states as far as the importance and role of micro and small enterprises are concerned.

Before going into detail, and from a general perspective, it is worth underlining that the five biggest EU countries account for about 80% of all private enterprises, where this share is practically similar regarding employment and turnover.

From an enterprise size perspective, SMEs in general (enterprises with less than 250 employees) are extensively present in all countries, in the sense that in all the EU countries they represent more than 99% of total enterprises (see Table 3). However, and when taking into account the employment variable, the differences amongst countries can be labelled as very significant. Thus, SMEs are dominant in the southern countries (with a share of more than 80% in almost all cases), as well as in Luxembourg and Belgium. On the other hand, countries with a relatively lower presence of SMEs in employment refer to Germany, Finland and the United Kingdom.

Table 3: *Distribution of enterprises by size classes and total number of enterprises. Distribution by EU Member States, 1996*

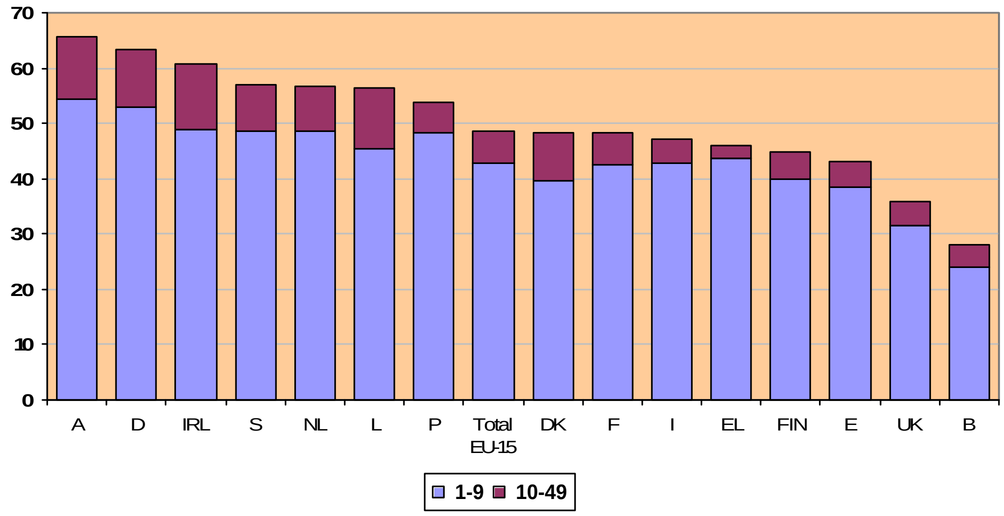
	% of enterprises					Total Enterprises
	0	1-9	10-49	50-249	250+	
A	31.9	54.3	11.4	2.0	0.4	224.3
B	71.0	23.9	4.3	0.6	0.2	521.3
D	34.9	53.0	10.4	1.3	0.4	3,348.6
DK	49.9	39.6	8.7	1.5	0.3	163.7
E	56.3	38.5	4.5	0.6	0.1	2,435.2
EL	53.7	43.8	2.2	0.3	0.0	733.2
F	50.6	42.5	5.7	1.0	0.2	2,321.8
FIN	54.0	39.8	5.1	0.9	0.2	203.7
I	52.5	42.9	4.2	0.4	0.1	3,798.8
IRL	36.6	48.8	11.9	2.2	0.4	76.9
L	40.9	45.5	10.9	2.3	0.4	19.0
NL	41.0	48.5	8.3	1.8	0.4	515.5
P	3.2	90.2	5.7	0.9	0.1	641.9
S	41.3	48.6	8.4	1.4	0.3	242.7
UK	63.1	31.4	4.6	0.7	0.2	3,339.4
Total EU-15	50.4	42.7	5.9	0.8	0.2	18,427.4

Source: *Eurostat, Enterprises in Europe Sixth Report*

Meanwhile, and referring to the focus research group (enterprises with 1 to 49 employees), available data suggest that the presence of this size category differs amongst countries, not only in terms of number of enterprises, but also as far as employment and turnover variables are concerned.

Thus, and as far as number of enterprises are concerned, micro and small enterprises are particularly important in Austria, Germany and Ireland, where they represent more than 60% of total existing enterprises. By way of contrast, the opposite situation can be identified in United Kingdom and Belgium, where less than 40% of total enterprises belong to this category (see Graph 2).

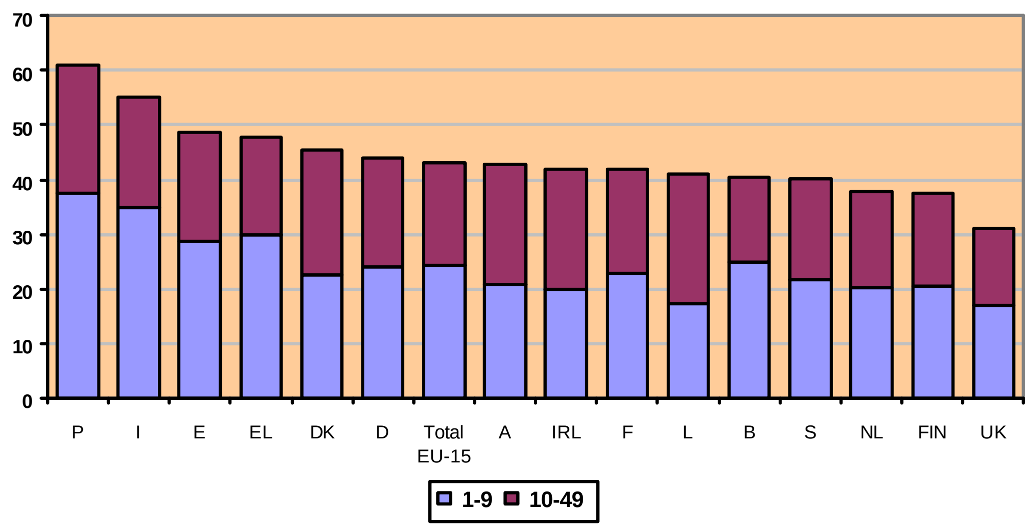
Graph 2: *Breakdown of enterprises by size category(*) and EU member State, 1996*



(*) Data only referred to enterprises with 1 to 49 employees. The 0 employees category is therefore not included
Source: *Eurostat, Enterprises in Europe Sixth Report*

However, and when referring to employment (see Graph 3), micro and small enterprises are specially important in the Southern EU countries of Portugal, Italy, Spain and Greece, where they represent more than 48% of total employment. Meanwhile, this share is less relevant in several Northern and Central EU countries, specially in The Netherlands, Finland and the United Kingdom (in all these countries, this enterprise category accounts for less than 40% of total employment).

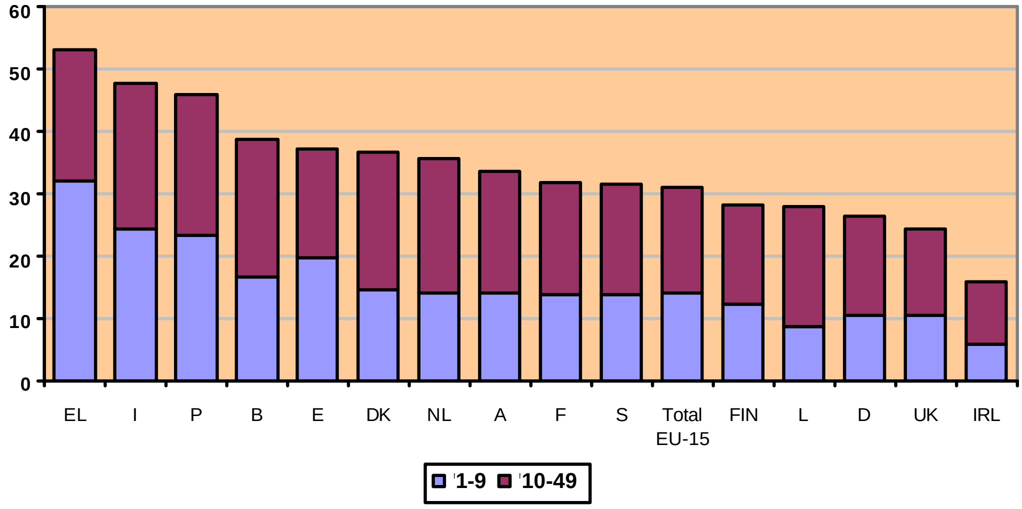
Graph 3: *Breakdown of employment by size category (*) and EU member State, 1996*



(*)Data only referred to enterprises with 1 to 49 employees. The 0 employees category is therefore not included
Source: *Eurostat, Enterprises in Europe Sixth Report*

Finally, and referring to the turnover variable (see Graph 4), it is interesting to underline the important differences amongst the EU Member States. In this sense, and whereas in Greece an Italy this size category represents more than 46% of the total national market turnover, this percentage goes down to less than 25% in the British and Irish cases.

Graph 4: *Breakdown of turnover by size category (*) and EU member State, 1996*



(*) Data only referred to enterprises with 1 to 49 employees. The 0 employees category is therefore not included.
Source: *Eurostat, Enterprises in Europe Sixth Report*

Analysis at sector level

An in-depth analysis by economic sectors makes it possible to identify the sectors in which micro and small enterprises dominate in comparison to those where medium and large enterprises play an active role (see Table 4). Thus, and taking into account the employment variable, it is possible to identify four main sectors where enterprise with 1 to 49 employees[1] account for more than 60% of total employment, that is to say, Recycling, Sale and repair of motor vehicles, Personal services, Hotels and restaurants and, finally, Construction.

Other sectors particularly dominated by this enterprise size category refer to Wholesale trade and commission trade, Clothing and leather or Financial and insurance auxiliaries, whose employment shares range from 50%-60%. Interestingly enough, and as it can be seen, all these economic sectors correspond mainly to tertiary sectors, being the only exception to this the Construction and Clothing sectors. Generally speaking, sectors where economies of scale and capital intensiveness are not of crucial importance are dominated by these enterprise size categories.

[1] The 0 employees category is excluded.

Table 4: *Breakdown of EU-15 employment by enterprise size and economic sectors, 1995*

	% of enterprises					Total 1-49 enterprises
	0	**1-9**	**10-49**	**50-249**	**250+**	
Energy products	1.3	1.1	3.5	6.7	87.3	4.6
Extraction and manufacture of metals	2.6	16.7	27.6	21.2	31.9	44.3
Non-metallic mineral products	2.2	13.9	24.8	22.7	36.3	38.7
Agricultural and food industries	2.2	19.4	19.8	18.3	40.3	39.2
Textiles industry	3.1	11.8	25.5	30.6	29.0	37.3
Clothing and leather	4.4	17.5	35.4	23.8	18.8	52.9
Manufacture of wood and paper	3.7	19.1	24.2	20.2	32.8	43.3
Publishing, printing and reproduction	5.4	18.8	25.2	21.1	29.5	44.0
Chemicals, rubber and plastic industry	0.9	4.8	14.1	20.5	59.6	18.9
Machinery and equipment	1.3	8.0	19.8	23.2	47.7	27.8
Electrical and electronic equipment	2.0	8.5	14.0	17.1	58.4	22.5
Motor vehicle industry	0.4	1.7	4.8	8.2	84.9	6.5
Transport equipment (excluding motor vehicles)	1.1	4.5	8.2	11.0	75.2	12.7
Other manufacturing	5.7	17.0	23.6	20.8	32.8	40.6
Recycling	6.3	31.9	37.9	18.1	5.8	69.8
Electricity, gas and water	0.6	2.4	4.4	8.3	84.4	6.8
Construction	16.1	33.2	26.9	12.4	11.3	60.1
Sale and repair of motor vehicles	11.5	41.0	25.2	10.6	11.7	66.2
Wholesale trade and commission trade	10.0	28.2	26.7	16.5	18.6	54.9
Retail trade	15.6	34.4	13.9	5.2	30.9	48.3
Hotels and restaurants	11.7	41.5	21.0	8.6	17.2	62.5
Land transport	16.6	20.2	19.4	10.4	33.4	39.6
Water transport	7.5	9.5	12.7	23.4	46.9	22.2
Air transport	0.3	1.5	3.0	5.5	89.7	4.5
Auxiliary transport activities	3.5	17.0	23.4	20.6	35.5	40.4
Post and telecommunicatiosn	1.5	1.7	1.7	1.4	93.7	3.4
Banking and insurance	0.7	1.9	4.8	8.4	84.2	6.7
Financial and insurance auxiliaries	21.8	39.2	11.4	9.9	17.7	50.6
Real estate and renting activities	31.9	32.5	14.4	11.2	10.1	46.9
Computer activities	8.1	25.6	21.8	20.2	24.4	47.4
Research and Development	6.0	4.2	8.8	11.7	69.3	13.0
Other business activities	12.6	23	17.3	13.3	33.8	40.3
Recreational, cultural and sporting activities	19.6	24.6	18.9	12.7	24.2	43.5
Personal services	19.9	49.3	13.7	4.7	12.4	63.0

Source: *Eurostat, Enterprises in Europe Sixth Report*

By way of contrast, a number of market sectors show a very modest presence of enterprises with 1 to 49 employees (in the sense that employment accounts for less than 10% of the total). Thus, these sectors include both manufacturing (i.e. Electricity, gas and water, Motor vehicle industry or Energy products) and tertiary sectors (i.e. Banking and insurance, Air transport or Post and telecommunications). Other sectors with a scarce presence of this enterprise size category include the manufacturing sectors of Chemicals, rubber and plastic industry, Water transport, Research and Development, Electrical and electronic equipment and, finally, Transport equipment (excluding motor vehicles).

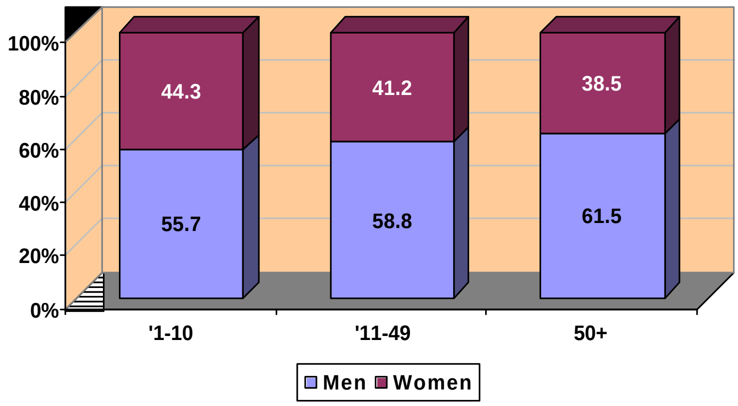
Job characteristics in micro and small enterprises

This section is interested in providing a qualitative insight into the qualitative characteristics that describe the structure of employment in the European micro and small enterprises. For this purpose, data on employment will be analysed according to several considerations related to sex and age, level of education, duration of working time (full/part time), type of contracts or the duration of employment relations[2].

Sex and age considerations

To start with, available data shows that there is a negative relationship between share of working women and enterprise size, in the sense that smaller firms employ more women. Thus, and just to give some data, the share of women working in micro-enterprises goes from 44.3% in enterprises with less up to 10 employees to 38.5% within those enterprises with 50 or more employees (see Graph 5).

Graph 5: *Breakdown of employment by sex and enterprise size, 1996*



Source: *Eurostat, Enterprises in Europe Sixth Report*

One possible explanation (amongst others) for this higher presence of women working in micro-enterprises is given by the fact that women more often work as unpaid family workers, a form of job that takes place typically in very small enterprises.

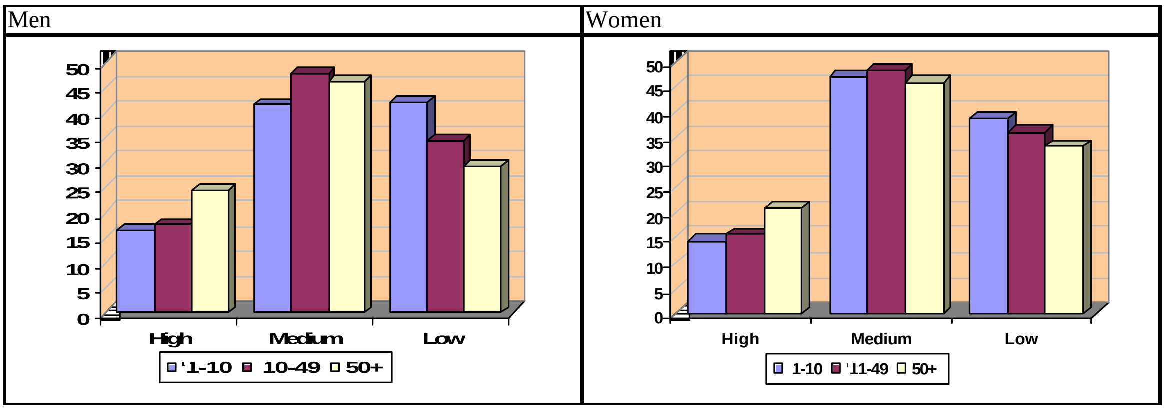
On the other hand, and as far as age considerations are concerned, the Eurostat's available evidence also suggests a relation between age and size, in the sense that the share of young workers (between 15 and 24 years) in the total staff is higher in smaller firms. This result applies both to men and women.

Level of education

Interestingly also, evidence points out a direct relationship between the share of men and women with a high level of education and the size of enterprises, where the opposite is also true for the people with low levels of education (see Graph 6).

[2] From a methodological point of view, these data have been obtained from the European Labour Force Survey, and have published in the Fifth and Sixth reports of Enterprises in Europe. Data is referred to 1995 and 1996.

Graph 6: *Percentage of persons employed, by sex and enterprise size, 1996*



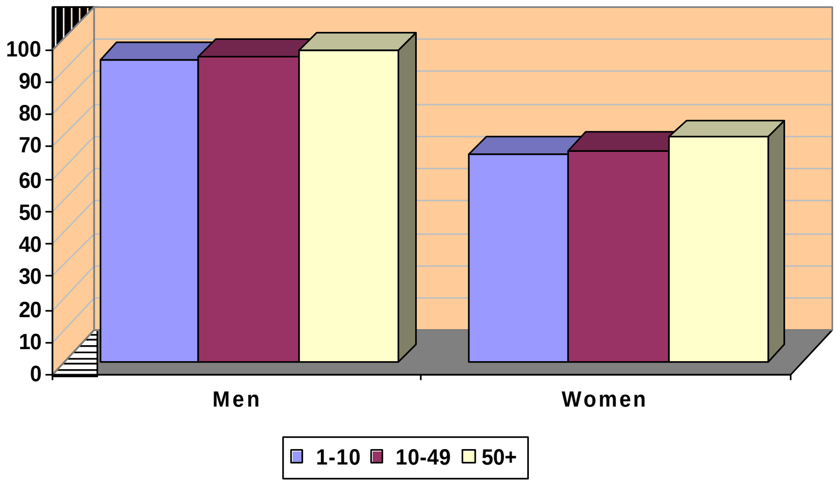
Source: *Eurostat, Enterprises in Europe Sixth Report.*

In fact, the positive relationship between level of education and enterprise size (both for men and women) may explain the finding that larger enterprises have significantly higher labour costs per person employed than small enterprises.

Part-time/full time jobs

Concerning full/part time jobs, data confirms that the smaller the size of an enterprise is, the more frequently people work part-time (see Graph 7). Interestingly also, this relation can be found both for men and for women, although differences by enterprise size are not very relevant.

Graph 7: *Percentage of persons working full-time, by sex and enterprise size, 1995*



Source: *Eurostat, Enterprises in Europe Fifth Report*

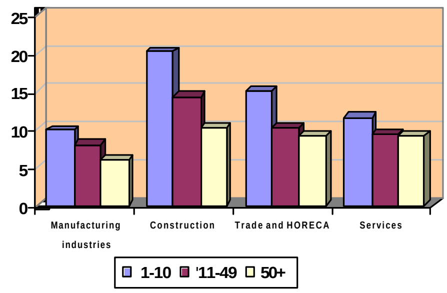
Interestingly also, the share of part-time workers who would prefer to work full-time is particularly significant in the smallest enterprises, whereas part-time workers in enterprises with more than 10 persons employed seem to work more often according to their own choice. It is worth underlining that this pattern applies to both men and women.

Type of contracts

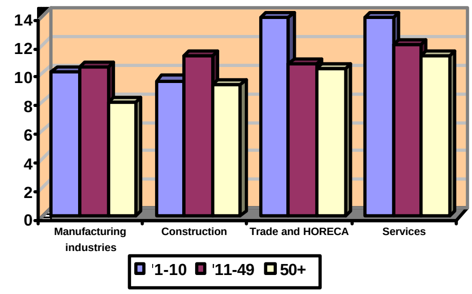
There are different reasons for having a job of limited duration, such as apprenticeship or probationary periods, because people cannot find a permanent job or even because people are not interested in having a permanent job. Whatever the reason might be, available data from Eurostat suggests that permanent jobs are less frequent the smaller the enterprise is, both for men and women and in all economic sectors (see Graph 8).

Graph 8: *Percentage of persons employed with a limited contract, by sex, sector and enterprise size, 1995*

Men



Women



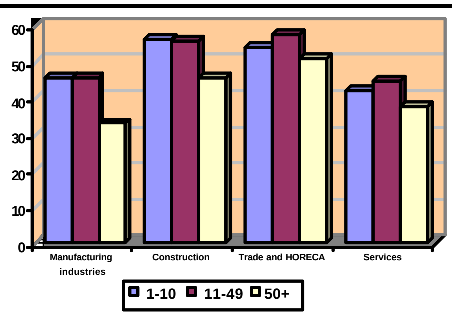
Source: *Eurostat, Enterprises in Europe Fifth Report.*

Duration of employment relations

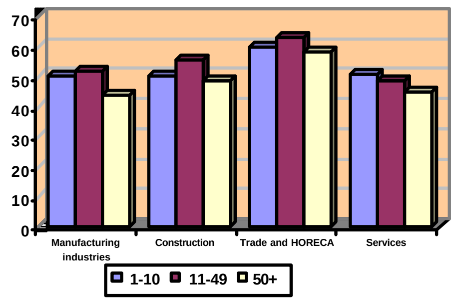
The share of persons staying within the same enterprise for over 10 years is clearly higher the larger the enterprise size is, where this result is true in most of the EU countries (see Graph 9). A possible explanation for this is given by the fact that newly created enterprises are mainly of a very small size and have a lower probability of surviving over time.

Graph 9: *Breakdown of persons employed by the time staying at the current employer (less than 5 years being at the same employer), by sector and sex, 1995*

Men



Women



Source: *Eurostat, Enterprises in Europe Fifth Report.*

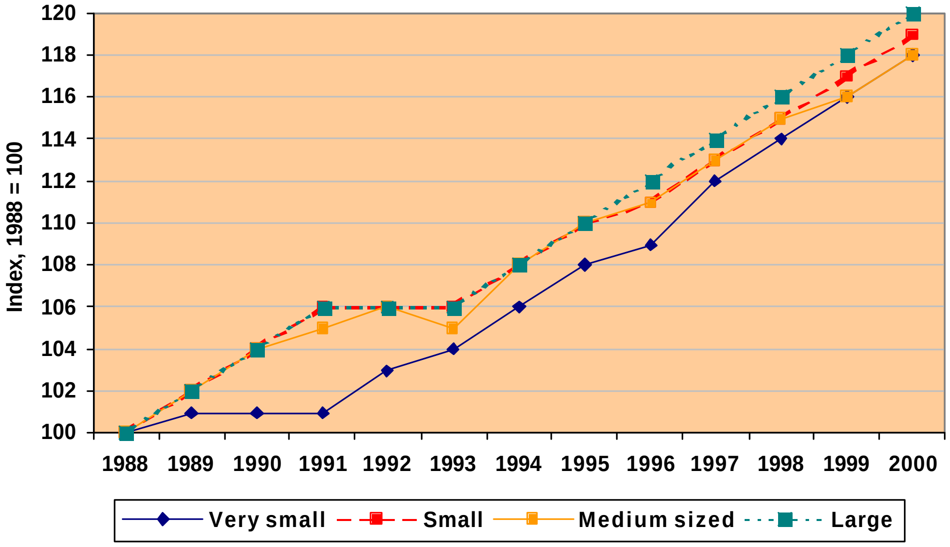
Micro and small enterprises from a dynamic perspective

This section is interested in providing a dynamic perspective of the European enterprises in the time period 1988-2000. For this purpose, special attention will be paid to two main variables, basically number of enterprises and employment, where information will be distinguished by enterprise size[3].

[3] The data used in this section has been calculated in the framework of the Sixth Report of the European Observatory of SMEs. Data is referred to Europe- 19, that is to say, the 15 EU Member States plus Iceland, Liechtenstein, Norway and Switzerland.

Thus, and as far as the evolution in the number of enterprises is concerned, available data (see Graph 10) suggests that in the beginning of the period under review, the number of micro enterprises lagged behind average growth of the number of enterprises. During the 1990 -1993 recession, an opposite phenomenon could be detected, in the sense that the number of micro enterprises increased, while the number of larger enterprises decreased. However, and from 1993 onwards, growth has taken place in all size-classes, but specially in micro enterprises. This fact might be explained by an increase in the balance of entry and exit of enterprises.

Graph 10: *Development of the number of enterprises, Europe-19, 1988-2000*

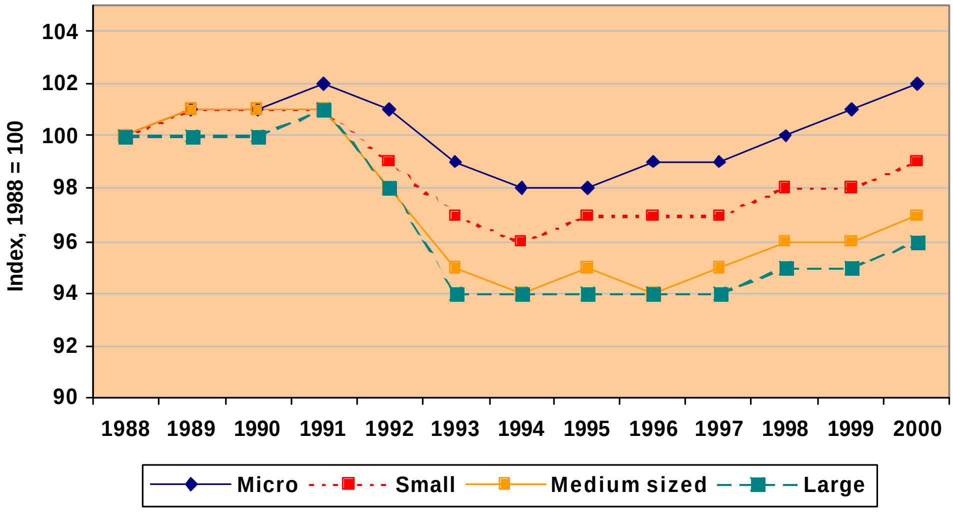


Source: *Sixth Report of the European Observatory for SMEs.*

Meanwhile, and as far a job creation is concerned, Graph 11 shows the size-class pattern of employment growth in Europe-19. In this sense, two main results can be highlighted:

- On the one hand, employment development has been most favourable in micro enterprises in comparison to the remaining enterprise size classes;
- On the other hand, employment recovery has earlier started in micro enterprises (since 1995 onwards) while employment growth in small, medium-sized and large enterprises only significantly increased since 1997.

Graph 11: *Development of employment, Europe-19, 1988 - 2000*



Source: *Sixth Report of the European Observatory for SMEs*

Comparison of Europe-15 with United States and Japan

The comparison between the European enterprise size structure with the American and Japanese ones provide useful and interesting results (see Table 5). In this sense, and on average, an European enterprise provides employment to 6 people, while the corresponding figure amounts to 10 and 19 in Japan and the USA, respectively. In fact, Japanese and American economies are characterised by a larger presence of large enterprises, where these enterprises are larger than their European counterparts.

This data is also confirmed when looking into the size-distribution of employment, since SMEs provide two thirds of total employment in EU-15, while the share of SMEs in total employment is of 42% and 33% in the USA and Japan, respectively. Interestingly also, the presence of microenterprises is specially important in the European economy vis-à-vis the US one.

Table 5: *Employment shares by size class in non-primary private enterprise, EU-15, USA and Japan, 1996*

	Employment shares by size classes					Total employment (1000s)	Occupied persons per enterprise
	micro	small	medium-sized	Total SME	LSE		
EU-15	33	19	14	66	34	111,800	6
USA	11	19	12	42	58	105,240	19
Japan	n/a	n/a	n/a	33	67	57,345	10

Source: *Sixth Report of the European Observatory for SMEs.*

Therefore, European enterprises should be characterised as small-scaled in comparison with both Japanese and American enterprises.

In any case, it is important to have in mind that the size of the different economies is different. Thus, and measured by employment, EU-15 and US economies are approximately of the same size, whereas the Japanese economy is about half the size of both.

Employment relations in a European perspective

Concept of employment relations
Employment relations may be defined as the means by which the various agents involved in the labour market are accommodated, primarily for the purpose of regulating employment relationships.

Therefore, employment relations are primarily concerned with the relationships that arise at the workplace between workers and their employer, as well as the relationships that employers and workers have with the organisations formed to promote and defend their respective interests and the relations between those organisations.

Other areas of interest for the employment relations issue include the processes through which these relationships are expressed (i.e. collective bargaining, worker involvement in decision-making or dispute arising and settlement), as well as the management of conflicts between employers, workers and trade unions. These processes have got a mediation function, in the sense that they are aimed at achieving a compromise between "market forces" and intervention in the market place, establishing therefore the various types of rules that regulate the employment relationship.

Generally speaking, employment relations are influenced by the government action through the existing legal and administrative framework, as well as by the broader political, social, economic, technological and cultural characteristics of each country. This legal and institutional framework is developed through bipartite (employers' and workers' representatives) and tripartite consultation and co-operation (government and the social partners).

For the purpose of this study, the operational concept of employment relations is related to the nature and quality of the professional relationship between employees and employers and/or managers at company level.

Regulatory framework related to employment relations in the EU-15: an enterprise size approach
According to the Commission's Report on Industrial Relations in Europe 2000[4], it is possible to identify a number of elements that are deeply influencing the European employment relations during the last few years. These elements can be summarised in the following ones:

- A more co-operative industrial relations climate based on shared macroeconomic objectives, with a declining number of disputes.
- A greater influence of the social partners on different relevant issues, through new tripartite approaches leading to social pacts for employment.
- A trend towards putting greater emphasis on company-level bargaining and limiting sectoral agreements to framework guidelines and recommendations, whereas exemption clauses are introduced to enable general provisions to be waived.
- Wage negotiations influenced by macroeconomic dialogue and awareness of European dimension have resulted in moderate wage developments, with a fall of real unit labour costs.

[4] COM(2000) 113 final, Brussels 06.03.2000

- Innovative changes in hours of work and working patterns, seeking flexibility, but also inducing a deep restructuring of working life, family life and leisure time. Part-time work is growing and debate on reducing work time is widespread.
- Social dialogue at European level is expanding considerably since, under the Treaty, the European social partners now have a greater say in shaping social policy.
- Finally, the foreseen enlargement is bringing into the European Union a number of countries with different and generally speaking less developed social frameworks.

Interestingly also, the Community social law is using its legal possibilities in order to approximate national provisions in a given area or to establish minimum requirements, in the sense that these requirements lay down a level of protection below which the Member States may not fall. Additionally, Community law has had a pioneering role in a number of areas, such as freedom of movement for workers, social security for migrant workers and directives linked to Europeanisation (i.e. European work councils).

However, and despite this wider dimension as a result of growing Europe-wide co-operation in the economic, monetary and employment spheres, the underlying social conditions, and subsequently the domain of employment relations, continue to be mainly determined locally. Thus, and as it was described in a previous section, employment relations are driven mainly by individual employment contracts, company or branch agreements and national rules laid down on a statutory or collectively agreed basis.

In this sense, there is a large number of areas where it is possible to identify important differences amongst Member States and even within countries when enterprise size considerations are taken into account. Examples include some of the following ones:

Legal provisions on staff representation

It is possible to identify two main models for employee representation:

- On the one hand, the (contract-based) ‘single-channel’ system, where the unions are the only or priority channel of communication with the employer and intervention is mainly by negotiation. In some countries, representation is solely through the trade union delegates (i.e. Ireland, Finland, Sweden and generally in the United Kingdom). Meanwhile, in other countries, there are also single or joint representation bodies supplementing the role of the trade representatives (i.e. Denmark, Italy and sometimes in the United Kingdom).

- On the other hand, the two-tier representation system, where representation of all the staff within a company is via an elected body operating alongside the trade unions. This body performs an informative and consultative role. In some cases, this body is made up solely of employees (Germany, Greece, Spain, the Netherlands, Austria and Portugal), whereas in other cases this council has got a joint nature (i.e. Denmark, Luxembourg, Belgium and France, where, in these two last cases, the employer chairs the council.

Table 6: *Legal provisions on staff representation in Member States*

Countries	Basic body	Basic level	Threshold (number of employees)
Belgium	Works council	Establishment	100
	Information and consultation provided by the Committee for	Undertaking	
	Prevention and Protection at Work or by trade union delegation	Establishment	20–100
Denmark	Cooperation committees	Undertaking	35
	(Tillidsmanden)	Undertaking	5–6 according to collective agreement
Germany	Works council	Establishment	5 permanent employees
	(Betriebsrat)	Undertaking	100 permanent employees
Greece	Company trade union organisation	Undertaking	20
	Workers' council	Establishment	50
Spain	Staff delegates	Establishment	6-50
	Works council	Establishment	50
France	Staff delegates	Establishment	11
	Works committee	Undertaking	50
Ireland	Recognised trade union	Establishment	20 employees for information and consultation in the event of collective redundancy
Italy	RSA (establishment trade union representation)	Establishment	15
	RSU (single trade union representation)	Establishment	5
Luxembourg	Staff delegation	Establishment	15
	Joint committee	Undertaking	150
Netherlands	Works council	Establishment	50
	Information, direct economic and social consultation	Establishment	10–50
Austria	Works council (Betriebsrat)	Establishment	5 permanent employees
Portugal	Workers' commission/trade union delegates	Undertaking	No threshold
Finland	Co-determination Act (trade union delegates)	Undertaking	30
	Collective redundancy (trade union delegates)	Establishment	20
Sweden	Trade union delegates	Establishment	No threshold
United Kingdom	Recognised trade union or elected	Establishment	20 employees for information and representatives consultation in the event of collective redundancy

Source: *Commission's Report on Industrial Relations in Europe 2000*

It can be seen in Table 6 that in most EU countries it is possible to identify legislative or general collectively agreed rules on the collective representation of employees in enterprises. However, the functions of these representative structures (works councils, employee representatives, trade union representatives, etc) differ from country to country according to different cultural and economic traditions.

Interestingly enough, these representative structures exclude employees working in enterprises below certain workforce-size thresholds established by Law. These employees have no regulated right to collective representation[5]. Notwithstanding this, and once these minimum workforce-size thresholds are surpassed, larger enterprises' employees are able to have additional types of representation, either through additional structures or new ones. Moreover, enterprise size may also influence the available resources for the employees' representatives (i.e. paid/unpaid time off for representation activities).

Information and consultation to employees on economic matters

With the only exception of Ireland and the United Kingdom[6], information and consultation to employees is compulsory in the other countries. However, important differences can be appreciated amongst countries concerning national provisions on information and consultation about the undertaking's strategy, economic situation or expected changes, where important differences within countries can be also appreciated as far as enterprise sizes are concerned (see Table 7).

Table 7: *Subjects and methods for information and consultation*

NB: e: establishment - u: undertaking

		Economic and financial situation. Development of activities	**Employment Situation, likely trend, anticipatory measures**	**Changes**
Belgium	**e 20**			Prior to collective redundancies: written report, several meetings, arguments and alternative proposals
	e 50	Basic dossier every four years Information once a year on financial report Information four times a year on likely trends (costs, cost price, budget management) Information four times a year on progress towards production and productivity targets	Information annually or four times a year depending on subject Consultation on staff policy Consultation on training and Retraining measures	General information and consultation
Denmark	**u 20**			Information and consultation in the Event of collective redundancies
	u 35	Information six times a year on situation and forecasts		Information and consultation six Times a year
	u 150		Information and consultation six Times a year	

5 In the Spanish case, collective representation may exist in companies falling below the legal threshold if the employer accepts the existence of such representation.

6 Except for collective redundancies and transfers of undertakings.

Table 7: *Subjects and methods for information and consultation (cont.)*

Germany	**e 5**	Information: once a year (assembly)	Information in good time. Prior consultation on situation, employment Trends and anticipatory measures	Full information immediately. Consultation
	e 20	Information: four times a year	Co-determination on measures to be applied	Co-determination
	u 100	Meeting on annual financial report Meeting of Economic Committee once a month		
Greece	**e 50** **u 20**	Annual information on situation, economic policy, trends in activities, production and sales Prior information on investment Projects	Prior information on employment changes Agreement on training measures	Consultation on working time and Improving working conditions; prior Information in the event of transfer, closure, etc.
	u 20			Prior consultation in the event of collective redundancies
Spain	**e 6**	Examination of accounts, regular Information on economic situation in the sector Information four times a year on trends in activities	Information four times a year on probable trends in employment Information and consultation on evaluation of posts, restructuring and training measures (opinion within 15 days)	Information and consultation and prior negotiation in the event of changes which may affect employees. Opinion within 15 days
France	**u 20**			Prior information and consultation in The event of changes in economic or Legal organisation Information and consultation on collective redundancies (over 10 employees)
	u 50	Annual report (turnover, profits) Annual accounting documents (analysis by expert comptable) Document on trends in activities every two years and consultation on the company's general progress	Annual consultation on trends in employment and skills, annual or multiannual forecasts and training Measures Written report 15 days in advance. Information and consultation on accounts and training plan	Information four times a year on Changes in production methods Consultation on work organisation

Table 7: *Subjects and methods for information and consultation (cont.)*

Ireland		Information and consultation voluntary	Information and consultation Voluntary	
	e 20			Information and consultation in application of the directives on transfers and collective redundancies
Italy	**e 15**	Economic and financial situation Provisions in accordance with industry and undertaking agreements	Development of activities Employment situation, likely trend, anticipatory measures Provisions in accordance with industry and company collective agreements	Changes Consultation on work organisation and new technologies
	e 20			In accordance with collective Agreements Information and consultation in the event of collective redundancies
Luxembourg	**e 15**	Annual report	Opinion and proposals on improving working and employment conditions	Information and consultation on work organisation, new technologies and collective redundancies
	u 150	Information and consultation once a year on accounts Written consultation report twice a year on trends Monthly progress report for Undertaking	Information and consultation once a year on current and likely requirements for manpower, training, Further training, retraining, etc. Information and consultation on planned social measures Information and prior consultation on training measures	When taking important decisions, prior information and consultation on repercussions for employment
Netherlands	**e 50**	Annual report on accounts (expert comptable) Information on forecast documents Information twice a year on undertaking's results, forecasts, activities and Investments (in establishments with less than 10 workers, the information is given to them directly)	Annual social report Obligation to agree upon rules for recruitment, redundancies, promotion Consultation on recruitment with one-month suspensive opinion Obligation to agree upon rules for training	Information and consultation Consultation with one-month suspensive opinion on transfers, mergers, closures or relocations. Information and consultation in the event of redundancies and transfers (of more than 20 workers)

Table 7: *Subjects and methods for information and consultation (cont.)*

Austria	**e 5**	Transmission of annual accounts Information and consultation on economic and financial situation, prospects for development and investment projects Consultation four times a year (monthly on request) on current affairs	Consultation four times a year (monthly on request) on current affairs Information on staff requirements and planned measures; cooperation procedure on training and retraining	Consultation on labour rganisation and new technologies Prior consultation and cooperation procedure in the event of changes
Portugal	**u-**	Information on accounting situation (budget, methods of funding, general plan of activity, draft changes, sales)	Information on personnel management, consultation on social matters, prior opinion on changes to classifications and promotions, recommendation on apprenticeships, retraining and further training	Prior opinion on changes to classifi-cations and hours; recommendations for improving working conditions Prior consultation on measures leading to staff cuts or to a change in working conditions
Finland	**e 20**			Information on economic and financial changes In the event of staff cuts, six-week negotiation period, unless agreement to the contrary
	u 30	Information on accounts Twice-yearly report on economic situation and prospects Obligation to negotiate prior to change of activities affecting staff or major investments — suspensive for six weeks if reduction of staff	Obligation to negotiate budget and plans for employment and training in the event of staff reductions or changes to contracts	Obligation to negotiate on changes in work organisation, use of subcon-tracting, transfers and mergers
Sweden	**e-**	Regular information Opportunity to examine accounting documents Obligation to negotiate is suspensive in the event of important changes	Consultation prior to breaching employment contracts Obligation to negotiate on forward management of employment	Information and right of participation in the event of changes in organisation and working conditions Obligation to negotiate prior to taking decisions on changes to activity
United Kingdom		Information and consultation voluntary	Information and consultation voluntary	
	e 20			Information/consultation in application of the directives on transfers and redundancy

Source: *Commission's Report on Industrial Relations in Europe 2000*

Employees' participation in the board of directors or supervisory board of undertakings

In several Member States such as Germany, Luxembourg, Austria or the Nordic countries, staff representation within the supervisory and administrative bodies is contemplated by law, where these staff representatives usually have the same rights and duties as the shareholders' representatives, except in the matter of industrial disputes. Representation is generally on a minority basis, except in Germany. Other forms of participation (although halfway between information and consultation can be found in The Netherlands and France. Interestingly also, existing provisions have a more far-reaching nature in the public sector, specially in countries such as Greece, Spain, France, Luxembourg and Ireland.

Collective bargaining and strikes

Despite the fact that the central role of collective bargaining is recognised throughout Europe, methods and level of use vary significantly amongst different countries. Thus, sectoral negotiations are well developed in Germany and Denmark, whereas cross-industry agreements are preferred in Belgium, Greece, Spain, France, Italy, Portugal or Finland. Meanwhile, Ireland and the United Kingdom preferably opt for agreements at enterprise level (see Table 8).

Table 8: *Legal application and extension of collective agreements*

Country	**Legal application**	**Extension mechanism**
Belgium	Collective agreements apply only to signatory parties and their members	Collective agreements adopted in the National Labour Council and joint committees are extended to all workers and employers
Denmark	Collective agreements apply only to signatory parties and their members	No extension
Germany	Collective agreements apply only to signatory parties and their members	Collective agreements are extended if 50 % of the workers in the sector concerned are already covered and if extension is in the public interest
Greece	Collective agreements apply only to signatory parties and their members	Agreements are extended where the employers subject to the agreement already employ at least 51 % of the employees in a trade or sector
Spain	Collective agreements apply to all employers and workers in their field of application	Cross-industry agreements are extended if the trade unions represent at least 10 % of the members of the works councils and the Employers represent 15 % of the companies Sectoral agreements are extended if legal criteria are met
France	Collective agreements apply only to signatory parties and their members	Agreements negotiated and adopted in joint Committees are extended; clauses which do not comply with legislative and statutory provisions are excluded
Ireland	Collective agreements apply only to signatory parties and their members	Possible extension by registering the agreement with the Labour Court
Italy	Collective agreements apply only to signatory parties and their members	No extension
Luxembourg	Collective agreements apply to signatory companies and to all their employees independently of their membership of a signatory trade union	Declaration of a generally binding nature of Collective agreements in accordance with the law, for all employers and workers

Table 8: *Legal application and extension of collective agreements*

Netherlands	Collective agreements apply to all employees, whether they are trade union members or not, whose employers are members of the signatory organisation	Agreements are extended to employers who are not affiliated to a signatory organisation, according to general interest and the representativeness of the signatories (55–60 %) of workers covered
Austria	The prescriptive part of collective agreements has force of law; the binding part applies only to signatory parties and their members	Extension declared by the Federal Conciliation Office
Portugal	Collective agreements apply only to signatory parties and their members	Extension of agreements negotiated in joint Committees, following verification of the parties' mandate and ensuring that procedures have been followed
Finland	Collective agreements are considered to be 'generally applicable' to employers who are not represented in bargaining, where half or less than half of employees in the sector concerned are in its field of application	No extension
Sweden	Collective agreements apply only to signatory parties and their members	No extension
United Kingdom	Collective agreements are not legally binding on signatory parties or their members, unless otherwise stipulated	No extension

Source: *Commission's Report on Industrial Relations in Europe 2000*

As far as legal provisions on strikes and lockouts are concerned, in all Member States the right to strike is fully recognised and protected, whereas lockouts are less recognised and even forbidden in some cases (i.e. Belgium, Greece or Portugal).