

**SUPPORTING SETTING UP**

# **AND STRENGTHENING OF NEWLY ESTABLISHED EWCS**

**PRACTICAL GUIDE FOR EWCS ON  
INFORMATION AND CONSULTATION**



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## Introduction

European Works Councils (EWCs) are information and consultation bodies which ensure the involvement of workers in the decision-making process related to transnational matters in multinational companies operating in the European Economic Area and beyond. Informing and meaningful consultation of employees on key business decisions may help anticipate and manage changes, such as those referring to the green and digital transition, including addressing the issue of labour shortages or the introduction of new technologies. In transnational contexts, European Works Councils may play an essential role in these aspects. The European Works Councils have become an essential element of the EU corporate landscape aiming at the European economic and social integration.

The right of workers to be informed and consulted on relevant matters is part of the pillar of social rights, it is enshrined in the EU Treaties and secondary law, and is key to achieving a fair transition towards climate neutrality. With the expansion of multinational companies operating on the EU internal market, the question of how to ensure this right in transnational context has led to the development of European Works Councils.

EWCs are bodies representing EU employees of larger multinational companies. They are designed to ensure workers receive information and have a dialogue with central management on significant decisions at EU level that could affect working or employment conditions. Following Council Directive 94/45/EC, more than 1 250 EWCs were established. In 2009, recast Directive 2009/38/EC (the EWC Directive) sought to address identified shortcomings, counter the declining trend in the creation of EWCs and clarify several key concepts.

The main objective of the project “*Supporting Setting Up and Strengthening of Newly Established EWCs*” (SUSEP) is to provide comprehensive support for the creation and functioning of European Works Councils (EWC) by identifying the specific needs of multinational companies (MNCs) and their employees, assessing capacity building requirements, and developing a range of tools and resources to facilitate the process. The project targets EWC members, workers' representatives, and employers, ensuring that engaged parties are well-equipped to establish and maintain successful EWCs.

The objective of the **Practical Guide for EWCs on Information and Consultation** is to provide a comprehensive guidance on the role of European Works Councils in the information and consultation process, incorporating findings from national research conducted in Poland, Croatia, Italy, Spain, and Romania in early 2024. The guide aims to demonstrate the benefits of involvement in EWCs for both employers and employees, and to



share best practices for effective information and consultation. It also provides contextually relevant resource for organizations and EWC members across the European Union.

Elaboration of the Guide has been proceeded by the Needs Assessment study which aimed at understanding the needs and challenges faced by MNCs eligible for EWC activities and analysing capacity-building requirements for workers and their representatives. He study focused on the following research objectives:

- assessment of current operation of the EWCs (key gains and challenges, expectations related to operation of EWCs) ,
- diagnose of the training needs among unions and employers (for the purpose of the capacity building phase in the project) in the context of establishing new and operation of current EWCs, including knowledge and skills required in information and consultations mechanisms,
- assessment of the Recast Directive provisions currently discussed at the EU level,
- and formulation of some recommendations - mostly for the purpose of the capacity building work package.

The study applied a mixed qualitative methodology in order to gather information from various sources and triangulate them: desk research, 2 focus groups online, and in-depth interviews.

*Desk research* encompassed recent information at the national level mostly that refer to the findings on operation of EWCs. This includes EWCs established in the country under scrutiny and members of the EWCs delegated from project countries. The desk research encompassed scientific articles, research reports, but also grey literature and documents of EWC, if relevant.

*Focus groups (FGI) online* – project partners conducted also two online focus groups in each country (10 in total). Depending on the national context the focus groups consisted of mix of representatives of trade unions / EWCs members and employers’ organisations / employers (representatives of multinational companies), representatives of think-tanks, academia, NGOs. Some of the FGIs participants were members of EWCs, members of special negotiating bodies (SNB) or workers planning to establish an EWC, but also representatives of employers or employers organisations relevant for operation of EWCs.

*In-depth interviews* – in order to supplement desk research and focus groups some in-depth interviews were conducted with the targeted respondents. If some key objectives (research

questions) have not been answered, some individual representatives of unions and employers were approached. Guidelines for the interviews (both focus groups and in-depth interviews) were provided as a part of methodological report.

In result of the study, five national reports were prepared in June 2024.



## Legal framework

Works Councils (EWCs), information and consultation bodies representing EU-based employees within multinational companies, whose rules are laid down in European Works Councils Directive 2009/38/EC<sup>1</sup> ('recast Directive'), are an important piece of an extensive policy framework on social dialogue. The Directive constitutes an important part of the information and consultation rights of workers in the European Union that pertain to multinational companies.

The right to information and consultation is laid down in the EU Charter of Fundamental Rights of 2000 (Article 27). The Treaty on the Functioning of the European Union (TFEU) also promotes social dialogue between management and labour (Article 151) and recognises the role of social partners (Article 152).

The right to information and consultations is also granted to employees in transnational enterprises operating in the European Union. Directive 94/45/EC on the establishment of a European Works Council or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees<sup>1</sup> and the subsequently updated Directive 2009/38/EC<sup>2</sup> created the basis for the establishment of **European works councils** (EWC). These are permanent bodies of employee representation that facilitate information and consultation processes.

The main motivations staying behind the establishment of such a mechanism was the need for a workers' response to the developing globalization processes of enterprises and the need for greater integration in the European Union, also in the dimension of social dialogue. Along with the greater internationalisation of companies, a relevant level of social dialogue was needed that corresponded with adequate bodies where decisions were made in order to balance the position of workers and employers. European Works Councils have introduced a new European level of industrial relations. The EWCs might be created in multinational companies having establishments in at least two member states. Such companies must comply with the following criteria:

- have at least 1000 employees in the Member States
- and have at least 150 employees in each of at least two Member States

The Directive 94/45/EC has been amended after 15 years of operation. The new Directive 2009/38/EC (Recast) strengthened the role and rights of EWCs in many areas, in particular:

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<sup>1</sup> <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A31994L0045>

<sup>2</sup> <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=celex%3A32009L0038>

- it strengthened and defined more clearly EWC rights to information and consultation,
- distinguished more clearly information and consultation within the EWC from processes carried out by national bodies and thus introduces a new definition of "transnational issues", which are the responsibility of the EWC;
- gave a stronger role to trade unions,
- entitled EWC members to participate in training without losing remuneration due to absenteeism,
- included rules for adapting EWCs to structural changes in the context of multinational companies.

**In 2023, the European Parliament adopted a legislative own-initiative resolution calling on the Commission to strengthen the role and capacity of EWCs.** The Commission's main proposed changes include: A. Giving equal rights to workers of multinational companies operating in the EU/EEA to request the creation of a new EWC: exemptions from the current Directive will be removed, allowing 5.4 million workers in 320 multinational companies with pre-existing agreements to request the establishment of an EWC. B. Clarifying the definition of transnational matters: ensuring that EWCs complement and do not overlap with the work of national information and consultation bodies. A clear definition is crucial for determining when EWCs must be consulted and informed. C. Ensuring that workers in multinational companies are consulted in a timely and meaningful way on issues concerning them. D. Making sure EWCs have the necessary capacity to do their work: EWC agreements must specify the financial and material resources allocated, for instance as regards experts, legal costs, and training. E. Strengthening gender balance, F. Improving access to legal remedies. The Commission's proposal amending the European Works Council Directive will be discussed by the European Parliament and the Member States. Once adopted, Member States will have one year to incorporate the Directive into national law. The new rules will then start to apply two years later. During the two-year period, parties can adapt their EWC agreements to the revised requirements.

On 24 January 2024, the European Commission presented its proposal for a revision of the directive on European Works Councils<sup>3</sup>. The Commission's main proposed changes include:

- **Giving equal rights to workers of multinational companies operating in the EU/EEA to request the creation of a new EWC:** exemptions from the current Directive will be removed, allowing 5.4 million workers in 320 multinational companies with pre-existing agreements to request the establishment of an EWC.

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<sup>3</sup> [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_24\\_147](https://ec.europa.eu/commission/presscorner/detail/en/ip_24_147)



- **Clarifying the definition of transnational matters:** ensuring that EWCs complement and do not overlap with the work of national information and consultation bodies. A clear definition is crucial for determining when EWCs must be consulted and informed.
- **Ensuring that workers in multinational companies are consulted in a timely and meaningful way on issues concerning them:**
  - EWC members should receive a reasoned response to their opinion before company management adopts a decision on transnational matters.
  - Company management must provide justifications whenever confidentiality is given as a reason for restricting the further sharing of information or not disclosing information on transnational matters.
- **Making sure EWCs have the necessary capacity to do their work:** EWC agreements must specify the financial and material resources allocated, for instance as regards experts, legal costs, and training.
- **Strengthening gender balance:** whenever an EWC agreement is (re)negotiated, provisions will have to be put in place for attaining, as far as possible, a gender-balanced composition. This includes a requirement to actively pursue gender balance in special negotiating bodies, which are temporary groups of employee representatives negotiating an EWC agreement with the company.
- **Improving access to legal remedies:** Member States must notify the Commission of how EWCs can bring judicial and, where applicable, administrative proceedings. Member States are also obliged to put in place effective, dissuasive and proportionate sanctions to enforce the Directive.

Both ETUC and employers' organisations at the EU level submitted their positions in response to the consultation process initiated by the European Commission<sup>4</sup>.

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<sup>4</sup> For further reading: Position of the ETUC on the recast EWC Directive (2024): <https://etuc.org/en/document/democracy-work-matters-european-works-council-directive-delivers-workers> and the Joint EU employers' statement on the revision of the EWC Directive (2024): <https://www.businesseurope.eu/publications/revision-european-works-councils-directive-joint-eu-employers-statement>



## Information and consultation processes

### Policies and regulations

On 4 March 2021, the European Commission presented an action plan for the European Pillar of Social Rights to turn its principles into concrete actions. It was endorsed at the Social Summit in Porto on 7 May 2021 as a guideline for the implementation of the Pillar. Among other things, the action plan stressed that **information, consultation and participation of workers and their representatives at various levels play an important role in shaping economic change and fostering innovation in the workplace.**

EU legislation on European Works Councils aims to address the disparity between the increasingly transnational nature of corporate decision-making and the information and consultation rights of workers, which are defined and limited at the national level. When decisions are made at a supranational level, the national information and consultation systems do not enable workers from different Member States to collectively organize their input and express their views or concerns on these transnational issues. EWCs foster a shared understanding of the transnational challenges facing large multinational companies and promote employee involvement in decision-making. This helps share information on potential solutions, facilitate their implementation, and enhance the impact of the employer's strategic decisions.

The EWC Directive defines **information and consultation** in the following way:

#### Article 1 of the EWC Directive

Information and consultation of employees must occur at the relevant level of management and representation, according to the subject under discussion. To achieve that, the competence of the European Works Council and the scope of the information and consultation procedure for employees governed by this Directive shall be limited to transnational issues.

#### Article 2 of the EWC Directive

Information' means transmission of data by the employer to the employees' representatives in order to enable them to acquaint themselves with the subject matter and to examine it; information shall be given at such time, in such fashion and with such content as are appropriate to enable employees' representatives to undertake an in-depth assessment of the possible impact and, where appropriate, prepare for consultations with the competent organ of the Community-scale undertaking or Community-scale group of undertakings;

‘Consultation’ means the establishment of dialogue and exchange of views between employees’ representatives and central management or any more appropriate level of management, at such time, in such fashion and with such content as enables employees’ representatives to express an opinion on the basis of the information provided about the proposed measures to which the consultation is related, without prejudice to the responsibilities of the management, and within a reasonable time, which may be taken into account within the Community-scale undertaking or Community-scale group of undertakings;

Point 22 of the preamble of the EWC Directive

The definition of ‘information’ needs to take account of the goal of allowing employees representatives to carry out an appropriate examination, which implies that the information be provided at such time, in such fashion and with such content as are appropriate without slowing down the decision-making process in undertakings.

Point 23 of the preamble of the EWC Directive

The definition of ‘consultation’ needs to take account of the goal of allowing for the expression of an opinion which will be useful to the decision-making process, which implies that the consultation must take place at such time, in such fashion and with such content as are appropriate.

Workers and their representatives must be guaranteed information and consultation at the relevant level of management and representation, according to the subject under discussion. To achieve this, the competence and scope of action of a European Works Council must be distinct from that of national representative bodies and must be limited to transnational matters.

### Key challenges for operation of European works councils

European Works Councils face several challenges in their development and functioning. Some of these challenges include:

- **Diverse Cultural and Legal Contexts:** The European Union consists of member states with diverse cultural, legal, and industrial relations traditions. Harmonizing these differences to establish effective EWCs can be challenging.
- **Language Barriers:** EWCs often consist of representatives from various countries, leading to potential language barriers. Translation and interpretation services may be necessary to ensure effective communication among members.



- **Varying Levels of Unionization:** The level of unionization varies across European countries, affecting the establishment and functioning of EWCs. In countries with strong union presence, EWCs may have more support and resources. Also the are challenges related to workers' solidarity when it comes to consulting working conditions in company branches from different countries - especially East-West divide is observable in this context.
- **Resistance from Management:** Some employers may be resistant to the establishment of EWCs due to concerns about increased costs, bureaucracy, or potential loss of control over decision-making processes. Overcoming this resistance requires convincing management of the benefits of EWCs in promoting employee participation and mitigating conflicts.
- **Complexity of Decision-Making:** EWCs often deal with complex issues related to cross-border operations and transfers. Achieving consensus among representatives from different countries and balancing interests can be challenging.
- **Changing Business Environments:** Transnational companies operate in dynamic and competitive business environments, where restructuring and reorganization are common strategies for adaptation. EWCs must be flexible and adaptive to changes in the business landscape while continuing to represent the interests of employees effectively.
- **Information Sharing and Transparency:** Ensuring timely and transparent information sharing between management and EWCs is crucial for their effectiveness. However, some companies may be reluctant to share sensitive information, leading to trust issues and hindering the functioning of EWCs.
- **Enforcement and Legal Framework:** While the EU provides a legal framework for the establishment of EWCs through the European Works Council Directive, enforcement mechanisms may vary across member states. Inconsistent implementation and lack of enforcement mechanisms or penalties for non-compliance may undermine the effectiveness of EWCs.
- **Training and Capacity Building:** EWC representatives require training and capacity building to effectively represent the interests of employees across different countries. Providing adequate resources and support for training can be challenging for both employers and trade unions.

Addressing these challenges requires collaboration between employers, trade unions, and policymakers to ensure the effective functioning of European Works Councils and promote dialogue and cooperation at the transnational level.

## Practices in terms of information and consultation rights in EWCs

In the SUSEP study researchers asked - both employee representatives (including EWC members) and employer organisations - how they assessed the above information and consultation rights in practices in their EWCs. A number of benefits were seen to accrue to employee teams and to companies from them, but some challenges were also pointed out.

According to the respondents, European Works Councils lend prestige and strengthen the role of trade unions in the companies studied. This prestige is based primarily on the fact that the EWC has an international character, which allows it to build a strong position with regard to the employer, more similar to the relationship between equals. What is more, the opinion-making role contributes to the prestige of this body.

At the same time, the exchange of information and communication at the international level makes it possible to perform the control function with respect to the employer, who is obliged to share information with the EWC. Thanks to EWCs, workers are more familiar with the company's financial situation, learn about the functioning of the corporation as such, and the crucial moves of the employer in various countries, such as buying/liquidating or selling plants, introducing new technologies or introducing personal protective equipment, health and safety measures, etc. Had it not been for the EWCs, such communication and access to information would be impossible or very limited; the amount of information provided would remain solely at the discretion of the employer. One interviewee noted that:

*"some problems came to light, which is certainly an advantage, but the solutions and decisions were up to the local directors."*

In addition to communication and information sharing, the EWC at the company in question has an opinion-making nature. In the case of important decisions, EWC members speak up, make recommendations or suggest certain actions to be taken. The employer may take them into account, but is not obliged to do so. At one of the studied companies, the decision-making mechanism is delegated to local structures: directors or HR departments. According to the respondents, the capacity to issue opinions is an advantage, as it allows people to speak out on issues that are important to employees, but, on the other hand, it is too limiting because it does not allow for real co-determination by EWC members. Another important aspect of the EWC is the dialogue with the employer at the local level and getting them to share information. However, according to the interviewees, the quality of the dialogue still needs improvement on both sides. While the pandemic contributed to the deterioration of communication, current efforts are aimed at fixing the issue.



In addition, the added value of the Works Council is the flow of information between union members from different countries. One interviewee noted that:

*“if it weren’t for the EWC, the flow of information between trade unions from different countries would be basically nonexistent, the EWC makes this exchange possible.”*

The EWC provides an opportunity to establish relationships among trade unionists from different countries and to exchange experiences on, among other things, working conditions and problems faced by workers. One interviewee recalls:

*“training courses, lasting several days, were an opportunity to exchange experiences and information - the challenges faced by the employees, identifying things that don’t work in our country but seem better in other countries and the other way around;”*

EWC members participate in trips at least twice a year while deputy members travel less frequently - once a year. The value of in-person meetings is very high and this formula should continue in the years to come.

Among the current challenges facing EWC members the key ones include communication and the quality of information exchange between EWC members and the employer. According to the respondents, the employer shares incomplete information with the EWC or does not share it at all, which they perceive as an unwillingness to build dialogue. On the one hand, some data is sensitive and can affect the company’s listing on the stock exchange, or information can be seized by competitors, but, on the other hand, some big changes and future plans strongly affect the lives and plans of employees. Hence, respondents indicated that dialogue with the employer in this area is not easy and needs improvement.

In addition, the COVID pandemic has further often slowed down dialogue with the employers, moving communication into the realm of instant messaging and online meetings. According to the interviewees, a big advantage of the EWC have been the face-to-face meetings and the possibility of in-person discussions. The dialogue with the employer was also stronger in those years. After the pandemic, dialogue and understanding with the employers has still not been rebuilt. One interviewee notes that:

*“After the pandemic, EWC dialogue went underground, disappeared both nationally and internationally. Pandemic has caused communication to shift to the various communicators, such as Teams or Zoom - this is detrimental in the area of negotiations for the employee.”*

Another union member added:

*“EWCs are losing their relevance after the pandemic and the situation cannot continue, changes should have been made right after the pandemic ended.”*

According to union members, the pandemic has allowed the employers to downplay the role of the EWC. Some examples were reported on the striking lack of dialogue: an employer did not inform the EWC about the liquidation of one of the companies, while according to the rules of dialogue it should have informed the EWC members of that move. In another case, the employer to negotiate a new EWC agreement via Teams, to which EWC members do not want to agree, perceiving it as a disadvantageous solution.

Yet another major challenge is the confidentiality clause imposed on the confidentiality clause applicable to the European Works Council meetings. Discussions that take place at EWC meetings cannot be passed on by an EWC member to local employees. Much of the information is sensitive due to the fact that the company is listed on the stock exchange. Negative information about the company can cause a plunge in the stock price, but may also leak to competitors and be used to their advantage. According to the unions, the confidentiality clause is too much of a restriction placed on EWC members.

Other challenges include the purely informational nature of EWC meetings, as EWCs are not authorized to take actions. Some issues, problems discussed at the meetings do not translate into decisions or the decision-making chain is long and shifted to local company structures. Recommendations are not always implemented or the employer ultimately makes other decisions that are not in line with the EWC’s suggestions.

Interviewees also pointed out that the length of the term and insufficient knowledge of new EWC members about the functioning and mechanisms of the EWC are a challenge. New members are not offered appropriate onboarding, which makes it difficult for the Works Councils to function and maintain a strong position in the company. Respondents indicated that the strength of the EWC is also based on the charisma and leadership skills of EWC members/and secretaries. Competence and a wide range of knowledge determines the clout of the EWC is a very important factor in building the strength of this body.

Another challenge is the issue of preparing materials in the national languages of EWC members. By design, all materials before EWC meetings were to be translated from English into the local languages of EWC members. One interviewee noted that:

*“Over time, we received informational materials in English on the spot and they happened to be incomplete. We could learn more from the press, from the media, than from the materials provided to us.”*



Another gap that interviewees have identified is that the meeting dates are awkwardly set just before the holidays. This translates into lower participation and involvement of EWC members.

## Participation and engagement – social partners’ positions on the new proposal for the Recast Directive on EWC

In response to the proposal for a revision of the directive on European Works Councils<sup>5</sup> (referred to in the part on legal framework) both trade unions and employers organisations submitted their positions in the consultation process initiated by the European Commission.

### **Position of the ETUC on the recast EWC Directive (2024)<sup>6</sup>**

Key improvements include a refined definition of transnationality, strengthened subsidiary requirements, and improved access to justice. However, challenges remain, particularly in enforcement. The ETUC calls for substantial penalties for management infringements and the introduction of injunctive relief to ensure compliance. The ETUC emphasizes that such measures are essential for compliance with information and consultation laws, rejecting any notion of introducing elements of co-determination.

Additionally, the ETUC urges the obligatory inclusion of trade union experts in EWC proceedings and laments the Commission's omission of franchise companies from the Directive's scope. It underscores the need for contemporary topics, such as subcontracting chains, climate transition plans, and corporate sustainability due diligence, to be incorporated into subsidiary requirements for EWC consultation.

While applauding the elimination of exemptions, the ETUC raises concerns regarding pre-directive agreements and challenges the Commission's view on the automatic application of amended Directive provisions to existing EWC agreements. It insists on maintaining face-to-face meetings over virtual ones and advocates for the establishment of a tripartite monitoring committee to address challenges in transposing Directive provisions into national law.

### **Joint EU employers' statement on the revision of the EWC Directive (2024)<sup>7</sup>**

While the proposal for revision by the European Commission has been tabled, companies operating EWCs assert that these councils function well and advocate for improvements based on tangible evidence. Several key recommendations and concerns are highlighted:

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<sup>5</sup> [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_24\\_147](https://ec.europa.eu/commission/presscorner/detail/en/ip_24_147)

<sup>6</sup> <https://etuc.org/en/document/democracy-work-matters-european-works-council-directive-delivers-workers>

<sup>7</sup> <https://www.businesseurope.eu/publications/revision-european-works-councils-directive-joint-eu-employers-statement>



1. **Transnational Matters:** The proposed presumption of transnationality raises concerns about overlapping processes and legal uncertainty. A clear definition of transnational matters and avoidance of overlapping responsibilities with national processes are advocated.
2. **Pre-existing Agreements:** Inclusion of voluntary EWC agreements from the original directive and the transition period could disrupt existing well-functioning EWCs. Suggestions are made to allow these agreements to continue without compulsory adherence to the revised Directive.
3. **Confidentiality:** Management's ability to maintain confidentiality without hindering decision-making processes is emphasized. Suggestions include removal of administrative or judicial authorization requirements and gradual establishment of confidentiality arrangements between social partners.
4. **Resources:** Clarity is sought regarding the role and costs of experts. Recommendations include allowing management to decide on experts' mandates and costs, with a focus on supporting social dialogue solutions.
5. **Mediation and Conciliation:** Rather than judicial intervention, alternative dispute resolution mechanisms are proposed to address EWC disputes, aligning with the priority to support social dialogue development.
6. **Consultation Procedure:** Concerns are raised about proposed changes potentially delaying important decisions. Flexibility in decision-making processes and avoidance of unnecessary administrative burdens are advocated.
7. **Representation of Employees:** EWCs are reaffirmed as bodies for information and consultation with all representatives of employees, including trade union-affiliated members. Suggestions are made to maintain the current formulation of workers' representatives.
8. **Right to Request Preliminary Injunction:** The provision for a preliminary injunction is deemed detrimental to companies' decision-making processes and governance. Matters related to penalties are recommended to be addressed by Member States.

Overall, the statement emphasizes the need for the revision to respect the current role of EWCs and avoid transforming them into co-decision-making bodies. The recommendations aim to support the development of a trust-based social dialogue culture within companies, essential for economic and social progress.

## **Social partners positions expressed in the SUSEP project**

The respondents in the SUSEP project – representing both trade unions and employers organisations in Croatia, Italy, Poland, Romania and Spain – mostly reported that they support the above positions of their umbrella organisations at the EU-level – respectively representing unions’ and employers’ sides.

However, it is to be highlighted that in many cases respondents were not familiar or not fully aware of the positions and the revision process of the Directive itself. In those cases respondents were not able to express their elaborated opinion in this respect. Trade unions primarily advocate a general strengthening of the Directive so that the rights stemming from it "can be better directed and implemented through the national legislation". Specific proposals included increasing fines for non-compliance with the Directive, standardizing the protection of EWC members against discrimination and giving greater powers to EWCs. Employers’ organisations, on the other hand, are satisfied with the existing Directive and the predominantly informative role of EWCs and do not perceive EWCs as an instrument for equalizing the position of workers in the different countries in which the MNC operates (which is regularly emphasized as an important objective by workers’ representatives). On the contrary, employers see EWCs primarily as "a forum for strengthening transnational communication with workers and spreading the culture and values of the MNC".



## **EWCs – benefits for employers**

European Works Councils play a crucial role in multinational companies, facilitating communication, decision-making, conflict resolution, and employee engagement across various European countries. The EWCs may not only strengthen the position of corporate workers and trade unions by executing the right to information and consultation – as elaborated in details in the previous sections – but also may bring some tangible benefits for the employers in multinational corporations operating in the European Union and beyond. We will delve into the multifaceted benefits that EWCs offer for employers.

### **Enhanced Communication**

Effective communication is vital for organizational success. EWCs provide a structured platform for management to interact with employee representatives from different regions and various national branches of the corporation. This open line of communication fosters understanding, promotes transparency, and ensures that information flows both ways. Clear communication through EWCs can help align company goals, disseminate crucial information, and address issues proactively. Central management receives direct feedback from the EWC members on the situation in the national branches. This complements information flow from the national branch managers, who tend to filter information in order to present better performance indicators and undermine the importance of potential challenges and difficulties.

### **Consistency in Decision-making**

Multinational companies often face the challenge of maintaining consistency in policies, procedures, and strategies across diverse geographic locations. EWCs help in harmonizing decision-making processes by involving representatives from various countries. This inclusivity ensures that decisions are made with a broader perspective, considering the interests and concerns of employees from different backgrounds. Consistency in decision-making leads to better coordination, efficiency, and implementation of company objectives. Better link – thanks to EWC members – with the national branches, allows for better understanding and justification of the corporate policies or concrete decisions among all worker teams. This impacts their increased commitment to tasks carried out and attachment to the company in the longer term, which result in better productivity and lower staff rotation.

## **Conflict Resolution Mechanism**

Conflicts are inevitable in any organization, especially when dealing with a culturally diverse workforce and various national contexts (in terms of legal and industrial relations landscape, specificity of the business conducted in the branch, value chains, etc.). EWCs serve as a mechanism for collective labour conflict prevention and resolution by providing a formal platform for workers and management to address grievances, concerns, and disputes. Timely resolution of conflicts through EWCs can prevent escalation, minimize disruptions to operations, and maintain a harmonious work environment. By promoting dialogue and negotiation, EWCs contribute to a more collaborative and cohesive organizational culture. In this context, intensive exchange of information between the management and EWC members / workers - especially at possibly early stage of planning and decision-making, plays a crucial role. So both parties may prepare in an adequate way and have necessary time to find better tuned solutions.

## **Employee Engagement and Satisfaction**

Engaged workers are more productive, loyal, and committed to their organization. EWCs offer workers a voice in decision-making processes, allowing them to contribute ideas, feedback, and opinions that shape company policies and practices. This active participation enhances employee engagement, satisfaction, and morale. Feeling valued and heard through EWCs can boost employee motivation, reduce turnover rates, and foster a sense of belonging within the organization. It is an autotelic value – to empower workers – which is at the heart of democracy at workplace. EWCs might bring also a spillover effect from company level to societal level by increasing civic engagement, building trust in institutions and counteracting discrimination practices, radical and populist attitudes.

## **Legal Compliance and Regulatory Requirements**

For multinational companies operating in Europe, establishing EWCs may be a legal requirement under the European Works Council Directive. Compliance with these regulations not only ensures legal adherence but also demonstrates a commitment to respecting workers rights, fostering dialogue, and promoting social dialogue within the organization – which are fundamental to European Social Model. By meeting regulatory standards through EWCs, employers mitigate risks, uphold ethical practices, and enhance their reputation as responsible corporate citizens. Workers have the right to information and consultation – specifically to request for establishing an European works council, which poses an obligation on employer to become a parti in these mechanisms.

## **Strategy Development and Market Insights**



EWCs serve as a valuable source of market insights, diverse perspectives, and strategic inputs for multinational companies. Through EWC meetings, workers representatives share local knowledge, market trends, and operational challenges from their respective regions. This exchange of information enables employers to make informed decisions, develop market-specific strategies, and adapt their business operations to varying European contexts. By leveraging the expertise of EWCs, companies can gain a competitive edge, anticipate market changes, and position themselves strategically in the global marketplace.

## **Social Responsibility and Corporate Image**

Corporate social responsibility (CSR) is integral to sustainable business practices. EWCs exemplify a commitment to social responsibility by promoting dialogue, inclusivity, and workers empowerment. Companies that prioritize workers participation, transparency, and engagement through EWCs demonstrate a genuine concern for their workforce's well-being and development. This dedication to social responsibility enhances the company's reputation, strengthens stakeholder relationships, and builds trust with customers, investors, and the community at large.

## **Non-financial reporting**

European Works Councils play a vital role in promoting sustainability, transparency, and accountability within multinational companies, ultimately contributing to long-term success and stakeholder trust. EWCs might bring benefits also in the respect to non-financial reporting obligations. By involving employees in discussions on social and environmental issues, companies can gain valuable insights that can lead to better decision-making and risk management. Demonstrating a commitment to transparency and employee engagement through EWCs can enhance the company's reputation and build trust with stakeholders. Working with EWCs helps ensure compliance with relevant regulations and standards related to non-financial reporting, reducing the risk of non-compliance penalties.

## **Conclusion**

In conclusion, European Works Councils offer a myriad of benefits for employers, ranging from enhanced communication and consistency in decision-making to conflict resolution, employee engagement, legal compliance, strategy development, and social responsibility. By embracing EWCs as a mechanism for fostering dialogue, cooperation, and inclusivity, employers can create a more harmonious work environment, drive organizational success, and uphold ethical standards in their operations. The multifaceted advantages of EWCs position them as a valuable tool for multinational companies seeking to navigate the complexities of a globalized workforce while prioritizing employee well-being and organizational effectiveness.

Based on the national report prepared by the SUSEP project partner *Confederación de Empresarios de Andalucía* it has to be stressed that EWCs allow for promoting a competitive environment that is favourable to the business fabric at European level, articulating a regulatory framework that responds to the needs of companies and favours a path of continuous and sustainable growth. In this sense, it is essential that all initiatives aimed at strengthening EWCs maintain as one of their main premises that of contributing to the creation of business competitiveness in a global economic and social context, because any



positive initiatives that may arise from EWCs and that incorporate such a vision, generating wealth and employment, will always have the support of companies.

## Country-specific insights and case studies

Results of the SUSEP study are relatively consistent across the partnership encompassing Croatia, Italy, Poland, Romania and Spain. Discrepancies, if present, reflect rather the existing divergence in positions between trade unions and employers' organizations at both national and EU-level.

Trade unions see the greatest advantage of European Works Councils in the enhanced opportunities for obtaining information and gaining a more comprehensive picture of the activities of the company as a whole, as well as in the possibility of making connections with workers' representatives from other countries and exchanging experiences. They find both aspects very useful for their work as workers' representatives.

The greatest challenges in the work of EWCs include the occasional non-implementation of the information procedures provided for in the Directive and the lack of sanctions for such practices, as well as the inadequate or unclear regulation of the rights of EWC members, particularly with regard to working hours and working conditions. The lack of clarity in the distribution of financial and operational responsibilities between the central management and the national branches of MNCs was underlined as a particular problem.

The most important training topics specified by the EWC members include the legal regulation, the powers and general functioning of EWCs, a better understanding of what information they can request from the management, communication and negotiation skills, including the knowledge and skills needed to prepare and proactively participate in meetings, and the analysis of agreements on the functioning of EWCs in certain companies.

Also some good practices were presented in the national reports in regards to operation or results of EWCs – with the view for potential transferability to other multinational companies. According to the Spanish report the following practices were highlighted:

- agreements for posting of workers from one workplace to centres in other countries, with the company bearing all the costs of the transfer, children's education, language training, finding accommodation for the first year and the possibility of returning after up to 5 years with a pro rata share of the compensation;
- opening of information and consultation periods, which already leave a margin of 6 months to act and reach agreements, so that it is of great value;



- activate participative and collaborative commissions (or working groups) to address new aspects of current issues, such as equality or health and safety, and provide solutions;
- activate participative and collaborative commissions (or working groups) to address new aspects of current issues, such as equality or health and safety, and provide solutions;
- responding to situations such as the war in Ukraine by developing initiatives such as the creation of a solidarity fund.

Also the respondents in Poland proposed some good practices with the potential to spill over to other EWCs.

In addition to regular EWC meetings, it would be advisable to hold twice-yearly seminars/training sessions with groups of colleagues from different countries. The purpose of the seminars would be to improve working conditions, for example:

- study tours of workplaces in a different location, comparison of technology and personal protective equipment, investments. Such meetings would verify whether working conditions between countries are similar.
- a comparison of the social conditions of workers in the countries concerned. The idea is to make it clear that these conditions are different and to create a common shopping cart. In the long run, such meetings would lead to an equalization of salaries within the corporation, so that they are adequate to the shopping cart.
- seminars that would address cultural differences in the context of making green changes at the company. Respondents note that standardization between countries within a corporation can be difficult, with one country emphasizing environmentalism and the other less, and the changes being implemented across the corporation at the same pace and in the same way, which can generate resistance from employees.

## Conclusions and recommendations

Taking into account challenges faced by EWCs expressed in the national reports, a number of suggestions are outlined below in order to strengthen information and consultation practices within European Works Councils.

- Promotion of EWCs as a mechanism of information and consultation in transnational companies, dissemination of knowledge on EWCs and supporting entities to establish EWCs in companies that still don't have them. Raising awareness among companies and employers of the importance of creating EWCs and how these bodies might be instrumental to both workers and employers.
- Improving the EU directive in such a way that it forces the employer to have conversations with the EWC and provide comprehensive information. The current directive is not working well, the employer downplays requests for information, there is a lack of good communication practice. Also a clear definition of the transnational issues that might be a subject of discussions in EWCs is important.
- Drawing clear boundaries regarding the confidentiality clause. In the meetings, the employer should indicate which information and which parts thereof are confidential and which are not. Confidential and non-confidential information should be clearly separated. In this way, EWC members could share some of the information with other employees.
- Effective operation of EWC and fluent communication requires delivering adequate information on time. Ensuring enough time for preparation to the meetings and consultation process is of paramount importance.
- Holding at least two in-person EWC meetings per year at the company's headquarters; in-person meetings will enhance dialogue with the employer and between countries.
- Establishment of working groups within the EWC discussing important and large industrial sector processes, in example: a working group on decarbonization, another one on sustainability. The purpose of these working groups would be to develop a negotiating position with the employer and to safeguard workers in all countries in the event of future job cuts.
- An additional factor strengthening the EWC would be to increase its role in making wage recommendations. EWCs could contribute to inter-company collective



bargaining agreements for plants across Europe and the setting of a minimum wage in Europe. The idea is to ensure decent pay by taking into account the effort put into learning for the job. Having said that, it is to be highlighted that EWCs do not have the mandate to negotiate wages.

- Better substantive and linguistic preparation of EWC members, promotion of competence and knowledge of EWC functioning; in the form of training, courses, ongoing expert support,
- Permanent secondment of EWC members on a full-time basis - so they have time to prepare themselves in term of substantive and linguistics skills.
- It is essential that EWCs be equipped with the necessary resources to ensure a constant, two-way flow of communication between workers and management. This includes training on workers' rights, business management practices and European labour market dynamics. A well-informed and competent EWC can prevent corporate misconduct and ensure that business decisions are transparent and respectful of workers' rights in all countries where the company runs its operations.
- EWC members should also put mor effort in exchange of information among themselves, consulting common statements vis-à-vis the central managements. Strengthening cross-border solidarity is important and plays a role in Europeanisation of working conditions and industrial relations. Also cooperation between EWCs and European federations should be practices in more extensive way in order to make the full potential of information and consultation mechanisms.



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