

Essay

# European Works Councils: Their Impact on the Europeanization of Industrial Relations in an Era of Market Globalism

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**Abstract:** The European Works Council (EWC) Directive provides the establishment of a social partnership forum within Multinational Companies (MNCs). The directive gives employees the right to information and consultation with the supra-national group management. The aim of this concept paper is to contribute to the debate on the Europeanization of Industrial Relations (IR) in the European Union. Specifically, it assesses the influence that EWCs, a novel institution within certain Euro-companies, have on the convergence of industrial relations among the member states. This critical topic can be evaluated from the standpoint of the current theory and its practical implications in order to draw the perspectives for a European system of IR both within MNCs and the rest of the companies. Our conclusions indicate that EWCs contribute to Europeanization in several aspects of employee relations, although this contribution has been limited to those issues that are wished for by the MNCs.

**Keywords:** European Works Councils; globalization; Europeanization; market globalism; justice globalism; trade unions



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## 1. Introduction

During the last three decades, the phenomenon of globalization has spread even more. This novel political and economic landscape has many implications in the terrain of economic and business activities (Scholte 2002; Vlados et al. 2022; Maris and Flouros 2022):

- (a) Growing domination of Multinational Companies (MNCs), which relocate part of their operations in most proper low-cost territories and improve the management of global supply chains;
- (b) A reduction of the significance of national regulation systems;
- (c) The non-obligatory nature of existing supra-national recommendations (OECD Guidelines for Multinational Enterprises, Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy etc.);
- (d) Development of modern Strategic Human Resources Management, which has been oriented to new employment practices and flexible work organization forms;
- (e) A shift towards the employment of low-paid employees.

Globalization has also been linked with certain current trends (Vlados et al. 2019, pp. 69–73; Maris and Manoli 2022), such as the transformation of traditional companies into networking business units, the internationalization of production within multinational groups, structural reforms in many professions, the increase of cross-border competition, and the shift of many governments towards more conservative ideas (Hyman 1999).

According to Hyman (1999), the latter development is combined with the rise of an ideology of globalization. The proponents of this view have stressed that the forces of

market globalism are unbeatable and, hence, any attempt to resist is aimless and useless, while many governments have found a useful alibi to justify their unpopular policies. Nonetheless, certain actors in the “justice globalism” movement (trade union officials, social organizations’ leaders, etc.) still believe that several dimensions of globalization might be faced effectively (Steger and Wilson 2012) if unions aim at the creation of a transnational civil society (by recruiting new members from the vulnerable and marginalized labor force, coordinating worker organization at a global level, establishing coalitions with several non-governmental organizations, etc.) (Hyman 1999). Lastly, the promotion of globalization has brought about a growing perception of the fact that the future of work depends more and more on processes that are set over national borders (Munck 2000a, 2000b). Munck has stressed that globalization can be an important means of international capital but offers perspectives for labor as well (Munck 2000a, pp. 4–6).

After all, according to Wortmann (2001, p. 13) the phenomenon of globalization is not so much a cause of socioeconomic problems, but rather the relevant problems are causing the perception of the societies that globalization has been a problem.

In this context, the European Works Councils Directive required EU member states to implement proper and adequate administrative and judicial procedures for the establishment/operation of European Works Councils or similar structures of worker representation (Köhler et al. 2015).

Thus, the aim of this paper is to investigate the contribution of EWCs to the Europeanization of industrial relations systems in the EU and/or within MNCs. The research hypothesis was that EWC contributes to the Europeanization of industrial relations in member countries of the EU. The main objective of the paper is to assess the EWCs’ impact on the Europeanization of IR in Europe and especially to answer these research questions: (a) do EWCs contribute to a convergence of IR among member states; and (b) which are the factors that affect this impact?

The significance of this paper derives from the fact that it attempts to revive a partially “frozen” debate on the EWCs’ involvement in the project of Europeanization of Industrial Relations (De Spieghelaere et al. 2022, p. 258). The contribution of this article to the previous debate is critical after the EU initiative to promote a “social” EU Semester and the European Pillar of Social Rights (it was adopted in 2017, and its action plan launched in 2020). Furthermore, a new interlinked framework on information, consultation and board-level employee participation has been recently taken up by the European Parliament in 2021 (Al-Kadi and Clauwaert 2019).

## 2. The European Labor Market towards Market or Justice Globalism

Regarding the implications of globalization on human resources and employee relations, it has been noticed that they include two stages: (a) Businesses begin to orientate to strategic HR Management (without changes in the IR system); (b) companies promote industrial restructuring and work flexibility by adopting several reforms in the IR system (Looise and Drucker 2002).

More specifically, in the IR landscape, globalization causes changes and innovations in capital-labor relations toward market-led schemes. Eventually, if multinational groups choose to internationalize their operations, they will affect the balance between labor and management and give the capital a chance to push towards worse working and living conditions (i.e., wages, working hours, minimum standards of employment, etc.) (Speidel 2000). The fact that European integration is avidly promoted, as well as the fact that globalization is accelerating, has significant consequences for Europe and the IR systems of each nation. In smaller business units, these consequences tend to promote de-centralization of collective bargaining, while at the European level of the MNC group, it promotes a kind of re-centralization. This last tendency is not externally regulated. It is rather the result of the control that the central management exerts on the business units (Marginson 2017).

To be more precise, the administrative structure of many major European companies is built in such a way that combines the centralization of strategic decisions, such as mergers, product innovation, and acquisitions, in international headquarters by decentralizing the operating issues of the smaller business units, which are simply monitored by the central management (Marginson 2017).

In addition, Telljohann et al. have noticed that the growing internationalization of companies and the massive restructuring activities are two significant pillars of globalization and that negotiations in the EU landscape can foster a higher level of IR institutionalization (Telljohann et al. 2009).

Simultaneously, Europeanization is currently under discussion in employee relations fora (Marginson and Sisson 1996b, 2001). Most importantly, these changes are inextricably linked to a shift in the balance between the “multi-employer” sectoral level and the “single-employer” level of the enterprise regarding the employment relationship, at the expense of the former. In other words, they denote that the interests of large and small employers are conflicting while they are being operated in the internal market of the EU, where large employers are supposed to slowly shift from sectoral bargaining to their own enterprise-level negotiations. Meanwhile, small- or medium-sized enterprises are expected to follow sectoral regulations dictating the conditions and the terms of employment (Marginson and Sisson 2001). Furthermore, MNC management greatly benefits from the above-mentioned single-employer schemes in their endeavors to create partly similar employment systems via “cross-pollination” in order to minimize costs, set up tailor-made working regulations to their needs, and make sure that working conditions are adaptable enough (Marginson and Sisson 1994, 1996b). In addition, the employee relations within the company have to adapt to a flexible status beyond the Eurosclerosis’ regulations. Eurocorporatism is a hotly debated topic of the discussion on IR in the EU (Kouzis 2001, p. 329).

In the same way, MNCs do not benefit from the fact that IR regulations are organized in a multi-employer framework. This happens because the members of the employer associations are a lot different from the MNCs as employers. These actions are no longer considered traditional ways of employer representation. Furthermore, the multi-employer negotiations do not benefit the MNCs to a great extent. Due to this tendency, it is possible that MNCs start structuring their enterprises in their own way because they might consider that a national system of IR does not deliver to their needs anymore (Marginson and Sisson 1996b; Marginson 2017).

It is also possible that the MNCs will develop their activities in the EU to regulate and manage IR across multiple countries, to establish procedures and strategies that can be implemented in all European countries, to develop new ways of IR in the European terrain, and to create organization-based employment systems, putting pressure on the pre-dominant multi-employer sectoral bargaining (Marginson and Sisson 1994).

Undoubtedly, Euro-companies influence national IR systems in two ways: (a) The first one is related to the initiatives of the companies themselves; (b) the second one concerns the cross-border interaction among various IR systems.

In this context, the IR of each country is shifting towards a voluntary model, which focuses on motivating others rather than punishing them. This tendency minimizes their capacity to function as pillars of social protection and politics. Finally, the IR systems of each country are being assimilated by analogous transnational structures. These transnational structures will continue to extend rather than substitute the IR systems of each country. In addition, the demands for the institutional revisions of IR will remain a central point in the discussions concerning labor and capital in Europe in the current circumstances of economic liberalization in a Social European landscape (Streeck 1998).

Thus, as stated by Marginson, the chances are that new forms of relations between employers and employees will surface. In these: (a) enterprises in Europe will have a single way to manage themselves, they will manufacture similar goods and/or services in different locations and/or more business units, or it will be highly beneficial for them to engage in dialogue with trade unions for topics like plans to restructure the company,

(b) trade unions might create an “encompassing organization” which will cover all their members, (c) at the national level a union is already in existence within the company, and (d) potent members of staff will start moving from country to country within MNCs ([Marginson 1992](#), p. 540).

There are two possible forms that the Virtual Bargaining developed in European-scale companies might take. The first can be achieved—with the interference of EWCs—if both the employer and the employee representatives provide agreements or opinions on topics relating to the MNCs’ employment policy. The second is a variant of arm’s-length bargaining. In this approach no direct negotiation between labor and management is being observed at the EU level. Instead, the opinions of the different parties and the results of the consultations in each subsidiary will be partly interacted with coordination across borders ([Marginson 2000](#), p. 30).

The initial purpose of the EWC Directive concerning a social dimension of the single market is confirmed in the Recast Directive only to a limited extent. In addition, the Recast Directive excludes the unions from an essential role within the EWCs, as the employers possibly wanted the employee voice schemes but not the unions ([De Spieghelaere et al. 2022](#), p. 258).

Although EU social policies have many times been developed in a separate direction from the national ones, they can promote a moderate convergence in a framework of European Social Policy. This trend could lead to a corporatist policy community via social partnership elements, but this policy community was short-lived due to structural and political reasons ([De Spieghelaere et al. 2022](#), p. 276). The progress on the implementation of the European Pillar of Social Rights is neither impressive nor satisfactory so far ([Al-Kadi and Clauwaert 2019](#), pp. 20–21). Social Semester has not yet adequately disseminated worker—and mainly trade union—rights until now.

### 3. The Path of IR towards Europeanization

The current trend toward Europeanization of the IR will have important consequences. It is not improbable that the IR in the EU will move towards harmonization because they will be hindered by the fact that labor institutions differ in each country, while at the same time, all pan-European regulations will interact with the institutions of each country, even though they might have very little in common ([Streeck 1997, 1998](#)). This insufficiency of EU regulations will not necessarily result in the stagnation of national systems due in part to the existing national regulations and the growing international markets. Therefore, according to [Streeck \(1998\)](#), the IR systems of each country have an inconsistency, which is that they are linked horizontally with market relations and vertically with institutional relations. So, the integration of the EU, driven by the market forces, impedes the possible interactions of the IR systems of the various countries so that only cross-border coordination is possible.

There are three principal ways in which the Europeanization of employee relations can take place ([Lecher et al. 2002](#), p. 8): (1) the IR of each country can interact with each other across the borders (horizontal effect), (2) the IR of the various countries can rapidly take “European characteristics” (vertical effect), while at the same time, they will be more open to accepting the European topics in the agenda of the partners of each country, especially in collective bargaining procedures, and (3) a European scale of employee relations could be progressively developed. Lecher, Nagel, and Platzer have stated that the adoption of European characteristics by the IR might occur in multiple pillars ([Lecher et al. 1999](#), p. 256): (1) Various European professional organizations can follow a course of dialogues that might result into quasi “Euro-state” regulations, brought forth both by the topics in which the social partners agreed and the initiatives made by the Council of the European Union; (2) the cooperation and the bargaining levels (both the sectoral and the peripheral ones) across the borders and their advanced convergence; (3) participatory schemes in large enterprises combined with a shift towards collective agreements at the EWC level.

The previous literature on EWCs has been considered as studies on Europeanization because they have resulted in interesting conclusions on the role that EWCs played in the creation of a pan-European IR system ([Kerckhofs 2007](#)).

According to Wills, EWCs can be considered a realistic response to the labor force in Europe, mainly through the “moral solidarity” that is developed among the employees of the different subsidiaries of an MNC, which leads the unions to develop contemporary labor internationalism ([Wills 1999](#)).

Furthermore, Lecher and Platzer have stated that any attempt to cause cross-national relationships between social partners at various levels can be considered an attempt to Europeanize the IR ([Müller and Hoffman 2001](#), p. 113). Three approaches have been proposed so far regarding EWCs. Firstly, the neo-corporatism. This approach emphasizes that corporatist structures like EWCs are not suitable for an era where neoliberalism dominates. So, despite the importance of EWCs for the trade unions, in the field of European IR, they do not have a political future. The second approach is the critical theory of modernization. It proposes that the EWC Directive is not capable of creating an effective and independent way in which workers could represent themselves. Moreover, due to the pressure applied by the employees, the creation of a framework of “agreed pacts of productivity” will be fostered. Despite all that, EWCs might be separating from multi-employer regimes of representation, thus making the IR system of each country weaker and provoking the creation of company-level schemes of transnational worker solidarity. The third approach is the (dynamic) theory of modernization. This theory proposes that trade unions now possess new potential to coordinate themselves at the international level. These new potentials are the result of the fact that European integration has been accelerated after the 1980s. Trade unions that are active in Europe can benefit from the EWCs and use them as a vehicle for strengthening European labor and transnational cooperation. Furthermore, EWCs are recognized as active “cells” of an advanced European IR system. For them to function, it is important that the links between them and trade unions be strengthened and that the European Union extends its field of activities to the social domain.

Stollt and Keuge have shown that employee involvement in SE indicates that the best way is to adopt purely domestic approaches as we witness a learning process of various worker representatives who cooperate in the same bodies. In other words, employee involvement has become a component of the company governance culture of large companies in the EU. The authors believed that it is time to strengthen the employee-side legal position, perhaps by promoting the introduction of minimum obligatory standards on worker participation in Euro-companies ([Stollt and Kluge 2011](#)).

Fetzer has pointed out that the impact of the EU regulatory attempts on the strategy and power positions of domestic social partners is significant. In the same paper, the author underlines that Europeanization is part of broader and older transnational dynamics. Since the 19th century, IR actors sometimes were inspired by looking abroad and selecting components of foreign models of IR practices during debates. Europeanization could not be equated with the cross-border convergence of MNCs. Instead it can be viewed as a process that will pose different challenges and will multiply the responses of the different actors across countries. The effects of Europeanization are often reduced due to the passivity of clear resistance and/or institutional mismatch between the EU and domestic arrangements ([Fetzer 2010](#)).

Kerckhofs stressed that the routes for a European system of IR are two: (a) a company-based system such as EWC might coordinate their action with other worker representatives within MNCs (emerging islands of Europeanization) and (b) the sectoral concertation of EWC actions and cross-border collective negotiations (it requires a provision for bargaining with group management) ([Kerckhofs 2017](#)).

As [Schulten \(1996\)](#) stated, the new patterns of regulation that will be created by the EWCs will result in the further weakening of the national IR regimes. These Euro-companies focus on the group level with a parallel functioning of active EWCs, and others serve the small and medium-sized domestic enterprises in national markets, grounded on

the traditions and practices of each country. Therefore, EWCs have addressed the worries of various trade unions concerning the potential of a supra-national “neo-syndicalism” that could oppose the activities of the trade unions of each country ([Schulten 1996](#)).

EWCs can also be considered as an interesting model of a new paradigm of regulation in MNCs. This development is expected to weaken the IR regimes of each country and provoke novel and more decentralized regulatory regimes ([Müller and Hoffman 2001](#), p. 111).

[Streeck \(1998\)](#) holds a different opinion. He has stated that EWCs might not contribute to the Europeanization of IR, while the IR of each country will certainly influence the EWCs. Consequently, the form in which IRs interact with each other across borders will be shaped by the MNCs. It is probable that any bi-partite negotiating relations in the EU will emerge at the Euro-company level and not at the multi-employer context ([Müller and Hoffman 2001](#), p. 116). It has also been stated that EWCs will most likely take the form of “business-centered European islands” surrounded by national IR systems ([Lecher et al. 1999](#), p. 113).

[Lecher et al. \(2002](#), p. 20) have stressed that the main contributing factor to the EWC agreements is the degree of internationalization of each MNC, the stance of group management, the differences among the national IR systems, the variety of national/local employee involvement schemes, the influence of trade unions, etc. ([Lecher et al. 2002](#), p. 47) Another factor that affects the EWCs’ contribution to the Europeanization of IR may be the type of EWC. The symbolic service and project-oriented EWCs (according to certain scholars’ categorization) could affect the Europeanization process less than the participative EWCs ([Lecher et al. 2002](#), pp. 53–58). EWC delegates participate in the EWCs’ terrain using normative tools that come from a specific national IR heritage. ([Timming and Whithall 2015](#), p. 233). According to Streeck, worker representatives from the country of MNC origin may be tempted to limit EWCs’ rights to ensure their own privilege to communicate with central management ([Streeck 1997](#)).

Therefore, Marginson and Sisson have predicted that EWCs will facilitate the deployment of cross-national comparisons of pay, conditions, and working practices during various levels of collective bargaining within MNCs. Also, central management might coordinate better with HR and IR policies in different business units. This ‘arm’s-length’ bargaining, in which the parties affect each other, can contribute to a more convergent European IR terrain. EWCs may become the forum for joint opinions or ad hoc agreements on aspects regarding IR. Thus, the initial positions of the parties involved will be more effectively supra-national coordinated at the supra-national level and will provide similar outcomes ([Marginson and Sisson 1996a](#)).

Other scholars have argued that there is limited progress towards Europeanization, while various EU Directives on company law should affect transnational employee relations. However, ETUC and the European Parliament have persisted in calling for European-level initiatives that promote harmonization on minimum standards regarding information, consultation and participation within all European companies ([Keller and Rosenbohm 2024](#)).

#### 4. EWCs as Pieces of the European IR System Jigsaw Puzzle

Many researchers have explored the possible potential of EWCs to Europeanize employee relations. Lecher, in particular, has proposed that it is important to research the way in which EWCs can lead to the creation of a European collective bargaining system and how they can encourage the IR systems of each country to converge with each other. Several scholars have also studied how EWCs can influence national employee involvement schemes, as the character of the MNC-EWC agreements may contribute to the development of cross-border union coordination within the groups ([Müller and Hoffman 2001](#), pp. 121–22).

[Carley \(2001\)](#) has argued that many groups that function across multiple countries re-engineered their operations so they could create European management structures. This happened because they wanted to integrate their production, distribution, and marketing in the EU. In addition, MNCs are attempting to spread the “best practices” of production and employment, in particular in the domains of consent about work hours flexibility, work organization, and quality assurance.

Moreover, [Carley \(2001, p. 3\)](#) stated that organizing frequent meetings of HR executives from all nations in which a group acts is a very important element of the Europeanization and the internationalization of such enterprises. Despite all that, referring to the employees, the Europeanization of IR is characterized by a tendency to make use of many attributes commonly utilized in national collective bargaining, like international comparisons and transnational conditions, working hours, employment practices, and salaries. In addition, the transnational trade union cooperation is supported by the EWCs, which might be viewed as a European negotiation mechanism ([Carley 2001, p. 4](#)).

The findings of a case study research ([Lecher and Rüb 1999](#)) indicate that the EWCs' members are developing a new European collective identity, where each has an equal role irrespective of their nationality.

In the same way, Knudsen argues that it is important to study the way EWCs contribute to the way the “concentration” of IR is arranged across Europe, as well as the transnational harmonization of IR after discussion on important topics pertaining to EWCs, like Human Resources policy, safety of the work environment, and training workers, among others ([Knudsen 2000](#)).

Additionally, according to Vitols, “workers’ participation contributes positively to the welfare of the EU, even in the absence of significant effects on the financial participation of the firm, if there are positive effects on the welfare of workers” ([Vitols 2005, pp. 37–38](#)). Kerckhofs has stated that external legitimacy can be acquired by EWCs because of their significance in the Europeanization of IR ([Kerckhofs 2017](#)). Marginson and Meardi noted that an institutional framework for the consolidation of FDI flows has been developed because of the formation of the European Union, and also for the rise of EU-level worker representation under the EWCD ([Marginson and Meardi 2006](#)).

Lamers stated that the identity of EWC becomes more complex and multifaceted because EWC, which functions as a means to consult and inform across the national boarders of each country, aids transnational management and labor representatives to perceive the different forms that management and employee involvement can take among the various subsidiaries of the business ([Lamers 1998, p. 79](#)).

The respective literature has concluded that the following are the possible impacts of EWCs on the process of Europeanization of IR: (1) EWCs have a positive effect on local/national employee participation; (2) EWCs foster trade union cooperation at the European level; (3) EWCs broaden the potential to promote a European Human Resources policy by the MNCs; (4) EWCs are part of an emerging European system of IR; (5) EWCs promote the establishment of collective bargaining at the European level; (6) EWCs constitute a channel of communication of the parties concerned at the European level; (7) EWCs contribute to a homogenization/convergence of IR within MNCs; (8) EWCs contribute to the fostering of a new transnational workers’ perception, regarding their problems within the MNC group ([Koutroukis 2017, 2018, 2019a, 2019b](#)).

Nonetheless, a study on the topic has found that the majority of EWCCouncillors complied with the MNCs’ cultural norms and/or ideology that EWCCouncillors might not harm the company. Probably, MNCs’ cultural characteristics and the effect of the country of origin have shaped the standpoint and/or actions of a significant part of EWCCouncillors ([Hertwig 2015](#)).

A similar study has indicated that EWCs’ actions have to cope with other forms of labor representation within MNCs and that worker delegates should have the experience and skills needed to reply efficiently to information and the consultation process. Furthermore, managers who deal with EWCs argue that they cannot properly use information and consultation because managers sometimes may utilize EWC as a means to achieve the fostering of management objectives rather than the employees’ objectives ([Pulignano and Waddington 2020](#)).

Also, some spillover effects could be the promotion of social partners’ cooperation, mutual trust, and new alternatives for conflict resolution. From another point of view, unions have novel chances for networking and pursuing mutual goals and closing the gap

between the wide national context (in which unions and employees mainly act) and the global context (in which MNCs operate). These employee involvement schemes will be further disseminated if the trade unions' rights in organizing and collective bargaining become mandatory on infrastructure projects funded by the World Bank ([Telljohann et al. 2009](#)).

The path of IR internationalization that European and/or supranational SD promotes is the key component of dominant models that have been adopted by the MNCs, which come from social market economies with strong collective interest representation and significant labor market regulations. On the other hand, certain best practices come from liberal market economies (where IRs are employer-led and linked with short-term financial performance and decentralized collective bargaining), which can provide a new impetus to EWCs' diffusion ([Telljohann et al. 2009](#)).

The new role has several legal, political, and practical implications and offers new political opportunities for trade unions if they overcome some obstacles, such as the isolation and/or manipulation of EWCouncillors, the competition between various national representatives for employee-side seats, etc. ([Lafuente 2022](#)).

Another study has stressed that the type of transnational employee cooperation between EU and national union levels is of critical importance. The extent to which EWCs can act as an effective mechanism in coping with cross-border labor solidarity and/or negotiation depends on (a) the strategic capability of local workers' delegates to use EWC as a means to envisage feasible prospects for change and (b) the strategic EWCouncillors capacity to coordinate pertinent union representatives at both the local- and group-level strategies to promote critical joint aims. Therefore, national IR regulations and power relations matter at the supranational level as well ([da Costa et al. 2012](#)).

The same paper has also underlined the critical importance of transnational solidarity and coordination towards labor-side common goals, which are desirable but difficult to achieve. Furthermore, the reply of employer organizations to the demand for a European level of social dialogue has to be taken into consideration ([da Costa et al. 2012](#)).

Kerckhofs also noticed that the paradox of transnational bargaining is that social partners in the EU have not signed many sectoral agreements, but the EWCs have signed several agreements at the company level. However, the European employer associations believed that company-level (single-employer) agreements should not concern them, as they concern a single company on its own ([Kerckhofs 2017](#)).

The EWCD provides external legitimacy for the EWC to represent collectively the total number of workers of an MNC as the EWCD recognizes the link between the EWC and the trade unions involved. Only if several companies in a sector achieve to sign similar agreements with EWCs will it create a coalition of willingness which will enhance EWCs' representativeness ([Kerckhofs 2017](#)).

EU policy-making procedures have limited success in adopting regulations that would establish a range of IR institutions. Another study noticed that in the future, the effects of articulating among those institutions would be a challenge. For example, given the current links among EWC, local works councils, and sectoral social partners, a lack of means of policy is still obvious ([Waddington et al. 2016](#)). In addition, in another study carried out by the Eurofound, it has been reported that the EWC was informed on several topics, which does not necessarily weaken the local works council. However, if the consultation at the EWC level has been finished before the consultation at the local level, the local works council will face obstacles to raise its objections. This fact could cause more complications in the cooperation between those two levels of worker representatives ([Eurofound 2015](#), p. 20). However, the challenges that have been faced by the EWC delegates in successfully participating in the consultation process remain enormous.

The effects that EWCs have on the strategic restructuring of Euro-companies could be beneficial in fostering the single European market; however, certain managerial interviewees reported that, so far, a relevant development has not been perceived in practice ([Waddington et al. 2016](#), p. 24).

The influence of the EWC on corporate restructuring seems to be dependent on some structural factors, i.e., the country of origin of the MNC, single-country dominance, and the Europeanization of the company. Therefore, company size or sector has not influenced this development (Waddington et al. 2016, p. 25). Even though valid cooperative and high-trust relationships are essential if EWCouncillors wish to be involved in both the strategic and implementation phases of restructuring, the above relationships are affected by the transparency and the early exchange of information, according to certain managers (Waddington et al. 2016, p. 25).

Waddington et al. underlined that this kind of coordinated multilayered European industrial relations is unlikely to be developed in the short term. A significant part of the managers who are responsible for EWCs have never been involved in sectoral SD nor tried to coordinate their EWC with sectoral SD procedures (Waddington et al. 2016, pp. 71–72).

## 5. Conclusions

To sum up, the MNCs have most likely an advantage in the internationalization of the IR because the employee side cannot use the EWCs with the same efficiency that MNCs can use them.

Relevant evidence has shown that EWCs do contribute to the Europeanization of employee relations. Most specifically, they foster the pan-European cooperation of social partners' organizations, the promotion of European Human Resources policies by the MNCs, the emergence of a European Industrial Relations System, the improvement of communication between both parties concerned, and the convergence of IR within Multinational Groups. In addition, EWCs principally promote the union cooperation and employers' coordination at the European level, broaden the chance of implementing a European HR policy within multinational business groups, appear as a part of a rising European IR system, consist of a communication channel between involved parties at European level, and maintain the convergence of employee relations within multinationals (Koutroukis 2017, 2018, 2019a, 2019b).

Because of the mostly national orientation of the social partners' representations, any collaboration among workers and employers in the EU will not affect MNCs. Thus, the future of the IR in the European Union is still unclear. Moreover, EWCs are expected to moderately contribute to the Europeanization of IR in those pillars that are desirable or undoubtedly controlled by MNCs (European Human Resources policy, improvement of labor-management communication, and convergence of employee relations within the group).

Conversely, some highly desired by the unions' views of Europeanization (such as the beneficial influence that EWCs could exert on the national regulations regarding employee involvement and the way the European collective bargaining is implemented within Multinational Business Groups) are non-existent and are not likely that they will be created anytime soon.

Therefore, MNCs most likely guide the internationalization of worker relations. However, because the trade unions in Europe still face many problems regarding collaboration and coordination among them, the labor side follows in priority. MNCs probably have a better grasp than the trade unions on how to use EWCs as "management tools". Thus, it is interesting that, even though the unions that operate in Europe have championed for a long time the EWC Directive implementation, the management side is the one that gains more from its implementation. Furthermore, when the adoption of the EWC Directive took place, worker participation had already been re-focused to be in the service of enterprise-like and managerial purposes, rather than serving humanitarian or democratic ones. On the other hand, the various benefits that the employee side is expected to have (i.e., the potential for concluding collective agreements, convergence on the terms of employment within MNCs, activation of a European level of trade union action, and finally, the emergence of a European IR system) will probably not come to fruition in the near future.

Another side effect that comes from the EWCs' function is that they can act as mechanisms to prevent and/or support dispute-solving at the supranational level, and that fact transforms them *ipso facto* into a European-level (industrial) conflict resolution mechanism.

Even though EWCs are very important regarding cross-border IR, it is essential that other parts of IR should also be activated so that a new pan-European IR system can emerge (collective bargaining within multinational groups, SD procedures, trade union coordination). However, a system like that is not easy to be developed in the near future because the imbalances between the employer and the employee side are currently increasing.

Initially, the EWC Directive was considered a substantial element of a nascent European IR system, in which statutory employee involvement would impact the single market and allow employee delegates to significantly influence it ([De Spieghelaere et al. 2022](#), pp. 257–58). Nonetheless, the experience so far has shown that the EWC Directive was not a beginning but an end of a path towards the social dimension of the integrated market due to the dominance of the neoliberal approach on European IR systems after the millennium.

Thus, the process of IR Europeanization, which is currently in progress, corresponds to the needs of the MNCs regarding the internationalization and integration of several of their operations. Furthermore, our conclusions might agree with Schulten's position ([Schulten 1996](#)) that MNCs with an active EWC tend to gradually be detached from their national IR systems to Europeanized IR islands. Marginson has also pointed out a similar view ([Marginson 2017](#)).

The «tug of war» between capital and labor within EWCs will prove that proponents and opponents of globalization in the European terrain could lead Europe to a new, effective, and fair balance.

To sum up, some concluding remarks are critical. Trade unions have not yet completed their mission to implement a European IR system. EWCs might be the beginning of a pertinent path, but they have not been sufficient to achieve such an ambitious goal.

In respect of the above goal, unions should further promote their pan-European cooperation and support more energetically EWCs. Is this a realistic goal? Is EWC a pragmatic short-run compromise or a confession of defeat? The truth is that unions had rather failed so far in most of their initial goals regarding EWCs if we recall the debate among European social partners in the early 1970s when the draft “Vredeling” Directive was drawn.

Globalization and the EU enlargement have dramatically changed the terrain of industrial relations in Europe. The current art of play for the unions is to achieve a reframing of their goals.

As a practical implementation of the above conclusions, MNCs can use the EWCs as an effective and valuable tool to disseminate business strategy and culture among employees and/or to implement their cross-border HR strategies and policies.

A limitation of the study is that it is difficult to evaluate the EWCs' contribution to Europeanization because the latter is the result of multi-factor influence. However, the reliability of the study has been enhanced by a significant number of qualitative studies that have led to a similar outcome.

The main questions for further research are the following: (i) Do unions struggle anymore for the establishment of a European IR system? (ii) Do trade union officials believe nowadays that EWCs could foster the Europeanization project (as they did in the 90s)? A survey among EWCCouncillors (and probably among HR managers) is also needed. Do they perceive their positions and role as part of a corporate or a union strategy?

The dominant question of the 2020s remains: could EWCs be included in a European trade union action program, or should they be a modern paradigm of corporate best practice in the field of HRM?

In the first stages of advanced globalization, the attitude of the workforce towards globalization and the power of the MNCs have changed. Thus, new goals should be given to labor. On the other hand, could the implementation of EWCs remain an objective for the unions or should it be revised?

The answer to the above question will be critical for the future of EWCs as a labor-management compromise in Industrial Relations in Europe in the globalization terrain.

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