



The research network on worker participation in the European Company (SE)

INDUSTRIAL RELATIONS IN LUXEMBOURG: THE DYNAMICS OF WORKER PARTICIPATION AND CORPORATE GOVERNANCE FACING THE CRISIS

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STRUCTURE

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LUXEMBOURG FACING THE CRISIS

Key features

- Increase of unemployment (6,1%)
- Budgetary deficit
- Part-time employment measures for companies
- Increase of cases of company restructuring (i.e. Villeroy&Bosch)
- Social tensions (marches...)

Reaction

- Rescue plan for major banks
- Economic stimulus package (2008-2009)
- Austerity measures (i.e. crisis tax, increase of solidarity tax...)
- Diverging positions: Trade unions (indexation) vs. Employers' unions (competitiveness, wages) vs. Government (compromise or unilateral action)

THE GENERAL FRAMEWORK OF INDUSTRIAL RELATIONS IN LUXEMBOURG

General characteristics

- Pluralistic trade union structure
- High degree of unionisation
- Three main unions: OGB-L (socialist: 60.000), LCGB (Christian-conservative: 40.000), CGFP (civil servants: 28.000)
- Sectoral federations (i.e. OGB-L 15 affiliated associations)
- Strong union implication in the national decision-making process (i.e. through assessments, tripartite meeting, through the Economic and Social Council...)
- Implication of trade unions in the Special Negotiating Body (SNB)
- Large coverage of collective agreements (3 types of agreements)

THE GENERAL FRAMEWORK OF INDUSTRIAL RELATIONS IN LUXEMBOURG

- Legal framework concerning worker participation: employee committees (1974), employee members of the joint works committees (1974), collective agreements (2004), European worker councils (2000), commercial law (1915)
- Creation of neo-corporatist instruments (i.e. Tripartite Coordination committee in 1977, Economic and Social Committee...): trade unions, employers' unions and government
- Origin: steel crisis and the transition from industry-based economy to an economy based on the predominance of the financial sector (currently under pressure)

THE GENERAL FRAMEWORK OF INDUSTRIAL RELATIONS IN LUXEMBOURG

- Bargaining process in a national arena of dialogue and partnership between the government and the social partners with decision-making done by consensus
- Agreements whose substance is then carved into national law
- Consensus-orientated model of industrial/social relations (currently under pressure)

THE TRANSPOSITION OF SE LEGISLATION

General remarks

- In spite of a vital interest (government) to attract foreign companies, SE legislation was only transposed in 2006
- Some SE companies existed prior to the legislation (no employee participation)
- Government: SE legislation was regarded as a logical continuation of already existing laws on worker participation, no legal innovations and concepts
- Idea of a modernization of social dialogue and commercial law (SE draft bill simultaneously changed the existing legal framework)
- No public debate, but: debate took place through assessments by the social partners and the professional associations (2004-2006), leading to a new version of the draft bill

THE TRANSPOSITION OF SE LEGISLATION

- State Council: clear separation between SE law and a general modernization of existing legal framework
- Members of the SNB are elected among members of the employee committees (elected by employees or trade unions)
- Professional associations opted for a revision of the 1974 law, providing the choice between one-tier and a two-tier management system (SE bill extended this option to limited-liability companies)
- Majority of “UFO/Empty SE” (scarcity of information), monistic system of management prevails
- “Normal” companies are active international companies, with offices in neighbouring countries (Germany, France or Belgium)
- Major activities of SE companies: finance, chemicals, health products, insurance

CASE STUDIES AND POSSIBLE DRIVERS (BEYOND “EUROPEAN IMAGE”)

Case studies

- Two very opposite examples of SE companies: Elcoteq (Metal, normal, one-tier, international, open as to information policy, model SE) and Algest (Empty, one-tier, regional, scarce information only available through the official register of companies)

Possible drivers

- Elcoteq: “competitiveness”, “strong, pan-European identity”, “stronger means of identification”, “reputation as a pioneer”
- SE companies must accept the long tradition of social dialogue and worker participation
- Tangible drivers: Tax reductions, risk management, credit insurance, governmental support (i.e. Office du Ducroire, Société Nationale de Crédit et d’Investissement, support for investments into R&D) for those few active companies

CASE STUDIES AND POSSIBLE DRIVERS (BEYOND "EUROPEAN IMAGE")

- Strong partnership between business and governmental actors, straight access to government (smallness)
- Belief in decision-making by consensus
- Regional aspect: closeness to neighbouring countries ("the Greater Region driver"), but also the opportunity for Luxembourg companies to merge with neighbouring companies (i.e. Algest SE)
- Home to more traditional international companies (SES, Arcelor, Cargolux, Goodyear...): they accepted the rules of social dialogue (force of attraction)
- Government promotion campaign (Amazon, Google...)
- Link to economic diversification and new emerging sector of activity (insurance, IT and health sectors)

Thank you for your attention!