



**SOCIAL DIALOGUE MANAGEMENT AMONG THE SOCIAL PARTNERS  
ON EMPLOYMENT MATTERS**

By

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## **BIOGRAPHY**

Aristedes K. Papagregoriou, Undersecretary's Adviser

Aristedes Papagregoriou is currently occupied in the Ministry of Employment and Social Protection as an Undersecretary's Adviser. At this point, it is important to mention that the Ministry of Employment and Social Protection deals with matters concerning employees and the unemployed, and is mainly responsible for the management of face to face negotiations between social partners (employers and trade union organizations) in order to reach viable solutions for rising unemployment.

The writer, in parallel with his studies in Business Administration, has dealt with trade unionism and, later, with politics, which means with the common problems that people face. Furthermore, he believes that someone who is supposed to be involved with politics should study and deeply understand the citizens' major problems, among which is unemployment, advocating for a good quality of life.

His recent work in the Ministry of Employment and Social Protection has enabled him to understand the importance of finding a job and, in that way, depleting unemployment, a serious problem that afflicts most of the concurrent communities. Another serious matter in that field is the accomplishment of agreement among the social partners by using social dialogue in such a way that finding solutions in matters of employment and insurance is ensured. Regarding these later matters, both his experience and recent evidence have shown that there are serious problems in the effectiveness of the social dialogue at the European and the national level, where face co-ordination is required in order to find mutually accepted and viable solutions.

## **ABSTRACT**

**Aristedes K. Papagregoriou**

**Student I.D. # 20063506**

### **Social Dialogue Management among the Social Partners on Employment Matters**

The subject of the present study is the Social Dialogue Management among Social Partners on Employment Matters.

Social dialogue is defined to include all types of negotiation, consultation or simply exchange of information between social partners on issues of common interests relating to economic and social policy and is practically the main mechanism through which social partners communicate, exchange aspects and find solutions.

Project management literature is mainly aimed at the business community, with little focus on city, civic and community groups. Little sharing of best practices between business and community groups appears. The author hopes to reveal success and failure indicators concerning the effectiveness of social dialogue and map those to academic theories.

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## **Chapter 1 - Introduction**

### **1. Nature of the study**

Social dialogue is acknowledged to be an essential component of the European model of society and development, with high-quality social protection, investment in education and qualifications and reforms designed to improve vitality in the economy. The role played by social dialogue is based on its original, unique format: the social partners represent in all respects the interests and problems of the world of work, ranging from working conditions to the development of continuing training, and including the definition of wage standards. They are also entitled to conduct dialogue which may culminate in collective agreements on all the issues they cover. [<http://europa.eu.int/>]

Project management literature is aimed almost exclusively at the business community, with little focus on city, civic and community groups. There appears to be little sharing of best practices between business and community groups. The author hopes to reveal success and failure indicators concerning the effectiveness of social dialogue among social partners on matters of employment and map those to academic theories. He will also seek to identify the stated experience and skill requirements for project managers who deal with social dialogue. The author will use academic research, and a review of relevant materials from the Web and national media sources.

### **2. Needs assessment**

Social dialogue is defined to include all types of negotiation, consultation or simply exchange of information between social partners on issues of common interests relating to economic and social policy. Practically, it is the main mechanism

through which social partners can discuss the topics that concern them, exchange aspects and find the most suitable solutions even in an informal level, which should precede collective bargaining.

On the other hand, contemporary enterprises face various changing conditions such as globalization, trade recession, new demands on the products' and services' quality, and exponential technologic development. In order to meet the market's needs enterprises have to make frequent changes that affect among others the labor conditions.

Social dialogue should form the basis for the development of a mechanism, which will focus on problems, collect opinions and propose solutions in order to facilitate the procedure of social dialogue. Discussion of problems that arise from change procedures usually before collective bargaining, can lead to a successful negotiation and accelerate solutions. [European Union – European Social Fund Article 6 Innovative Measures, 2006]

Stakeholders for this thesis include social partners as they may be interested in reviewing this material. This thesis will provide stakeholders with a view of:

- their definition and role
- the degree to which social dialogue that leads to mutually accepted solutions is linked to overall community prosperity
- techniques applicable to social dialogue that could lead to mutually accepted solutions
- success or failure contributors as may be identified in the course of research
- best practices applicable to social dialogue project management and leadership. [<http://europa.eu.int/>]

### **3. Purpose of the study**

The research conducted for this thesis will reveal best practices, especially in the area of team member selection and involvement, as well as the principles that should be followed in order to ensure that the social dialogue will reach mutually accepted solutions.

### **4. Significance to the workplace**

Social dialogue between representative organisations of workers and employers at all levels is essential for the development of globally competitive business, efficient public authorities and good practice in employment. Social dialogue is a characteristic of the employment relationship in the Member States of the EU and is firmly embedded at the European level, both across and within economic sectors. Its success is derived from the commitment of the social partners to the effective representation of their member organisations and to their engagement with each other in informed discussion leading to joint outcomes. This is underpinned by a Community framework that encourages and supports social dialogue as central to developing good practice, based on understanding and agreement. In this way actions can be implemented through involvement and commitment and lead to successful outcomes for employers and workers alike.

Sectoral social dialogue produces outcomes of practical importance and makes a significant contribution to the governance of the EU as a whole. This dual role explains the growing importance of sectoral social dialogue and the decisions to support and enhance its role made when the foundations were laid in 1998, the strategy set by the Lisbon Agenda in 2000 and the position consolidated through the Commission Communications of 2002 and 2004. The significance of sectoral social

dialogue is made clear when it is noted that over 70 million workers and nearly six million undertakings can be covered by the decisions, declarations and agreements of the social partners. Sectoral social dialogue is central to the EU's continuing ability to compete in a global economy. [European Commission Directorate – General for Employment, Social Affairs and Equal Opportunities Unit D. 1., 2005]

As already mentioned, through the present study, the author expects to reveal best practices that will lead to fertile social dialogue, which means to social dialogue that will reach mutually accepted solutions. Given the fact that the latter is occupied at the Ministry of Employment and Social Protection and is, in a way, responsible for face-to-face negotiations between social partners (employees and trade union organizations) in order to reach viable solutions for rising unemployment, he expects that the best practices proposed in his study will have excellent application to current issues he faces in his workplace.

## **5. Relation to the program of the study**

First of all, it is important to mention that the author, due to his occupation, has realized that the social dialogue among social partners on employment matters often fails to reach mutually accepted solutions.

During PM501 (Introduction to Project Management), the author became familiar with the term “project” and, given his occupation, he soon realized how this term is related to the social dialogue management among social partners on employment matters. Apart from that, during PM503 (Project Communication Management), the latter learned a lot about communication and strategy, communication ethics and communication between intercultural and international teams. Furthermore, during PM506 (Managing Projects with People and Teams), he

also realized the importance of people skills in project management as well as how poor team member performance is related to a project's failure. Finally, during PM509 (The Legal Environment), the author gathered information on international law and organizations.

So, these readings, along with the former observations that the writer had made mainly due to his occupation resulted in this thesis proposal.

## 6. Definition of terms

Special terms used in the present thesis are explained below:

**Best practice:** “one way of improving policies in the EU is for governments to look at what is going on in other EU countries and to see what works best. They can, then, adopt this “best practice”, adapting it to their own national and local circumstances”. [<http://europa.eu.int/>]

**Council of the European Union:** “the Council of the European Union (the “Council of Ministers” or the “Council”) is the Union's main decision-making institution”. [<http://europa.eu.int/>]

**EU:** European Union.

**European Commission:** “the European Commission is a politically independent collegial institution which embodies and defends the general interests of the European Union”. [<http://europa.eu.int/>]

**European Council:** “the European Council is the term used to describe the regular meetings of the Heads of State or Government of the European Union Member States”. [<http://europa.eu.int/>]

**PMI:** Project Management Institution [Meredith, J. R., 2003, p. 8]

**R & D:** Research and Development Projects [Meredith, J. R., 2003, p. 8]

**Social dialogue:** “is the term used to describe the consultation procedures involving the European social partners”. [<http://europa.eu.int/>]

**Social partners:** “this social dialogue occurs via the three main cross-industry organisations representing the social partners at European level:

- The European Trade Union Confederation (ETUC),
- The Union of Industrial and Employers' Confederations of Europe (UNICE),
- The European Centre of Enterprises with Public Participation (SEEP)”.  
[<http://europa.eu.int/>], [European Commission Directorate – General for Employment, Social Affairs and Equal Opportunities Unit D. 1., 2005]



## **Chapter 2 – Problem Statement**

### **1. Problem Statement**

Face to face negotiations between social partners (employers' and workers' organizations) require improved project coordination in order to reach viable solutions for rising unemployment.

### **2. Rationale**

In a world of rapid change and high mobility of capital and technology, the quality of human resources is the key factor for international competitiveness.

These fundamental transformations are changing the way Europe works, the employment profile, and traditional thinking about how EU labour markets function. Enterprises have to respond to structural change, reassess the skills they need and re-evaluate how production in general and work processes in particular, should be organised.

The challenge ahead is to improve quality in work with a view to positively managing all dimensions of change - economic, social and environmental - in order to ensure sustainable development and social cohesion by mobilising and developing the full potential of both the present and future labour force. The need to strengthen the adaptability of workers, enterprises and sectors in EU economies is therefore of paramount importance.

Social dialogue - the negotiations and discussions between the social partners, employers and trade union organisations - plays a pivotal role in European society. It is at the heart of Europe's economic and social model, enabling parallel progress on the economic and social fronts. It can play a key role in helping the EU reach its Lisbon target of becoming the world's most competitive economy by 2010, according

to the European Commission. In its latest communication on the issue, the Commission has called for a Partnership for change involving more targeted effort, promoting awareness and understanding of the results of the European social dialogue, capacity-building, and effective interaction between different levels of industrial relations.

Social dialogue has seen several positive developments, such as the move towards greater autonomy and the introduction of so-called “new generation” texts, in which the European social partners make recommendations to their members and follow them up at the national level. The social partners have adopted over 300 joint texts to date, on a large variety of subjects.

The Commission’s communication urges the social partners to ensure that social dialogue leads to concrete results. It encourages them to raise awareness of their texts, calls for more transparency and effectiveness of the texts (for example by putting them into easily understandable language), urges following up on their progress and suggests standardizing categories for their texts. The quality of industrial relations at a national level is also becoming an important precondition for the effectiveness of the European social dialogue.

The Commission would specifically like to see progress made by the social partners in the three main areas identified in the recent Employment Task Force report: improving labour force adaptability, investing in human capital and job quality, and attracting more people to the labour market. [<http://europa.eu.int/>]

The writer’s recent work in the Ministry of Employment has enabled him to understand how important those three main areas are and helped him realize the importance of finding a job and, in that way, depleting the unemployment, a serious problem that afflicts most of the concurrent communities.

### **3. Hypothesis / Objectives**

The main objective of this study is to develop an informal dialogue mechanism in order to help social partners to collaborate on a well-organized base. Furthermore, this study will recommend a new project-based strategy whose main objectives are to:

- set up an internet site providing multilingual access to all information on the players, forums and output of the European social dialogue;
- convene a “European Social Dialogue Conference” at regular intervals;
- continue, in close liaison with the European Foundation for the improvement of living and working conditions, to publish regular reports on industrial relations in Europe.

This new project-based strategy is proposed to be used for face-to-face negotiations between social partners in order to help drive mutually acceptable solutions in employment matters.

Trough the present study the author aspires to set the organizational structure through which the social dialogue mechanism will function in his country as well as in European level. For that reason the requirements of different social groups, operational specifications, knowledge and decision-making mechanisms and finally organization and management issues associated with that will presented in details.

### Chapter 3 – Review of Literature

Academic research and web sites were used in the formation of the present thesis. The following sources were of most significance:

- Meredith, J. R., & Mantel S. J. Jr. (2003). *Project Management: A Managerial Approach*. United States of America: John Wiley & Sons, Inc. This book was very useful in order to define the term “project” and help the author find out how this is related to the social dialogue management among social partners on employment matters, which is what he initially planned to research.
- Smith, K. A., & Imbrie, P. K. (2007). *Basic Engineering Series and Tools. Teamwork and Project Management*. United States of America: The McGraw-Hill. This book proved very useful in helping the author clearly clarify what the project manager’s role is. More detailed, after having counseled this work, the latter became able to answer questions concerning changes in the workplace, changes in project management, skills necessary for effective project managers, as well as participation and management of multidisciplinary teams.
- Heller, R. (1998). *Managing Teams*. Great Britain: Dorling Kindersley Limited. The writer used this book in order to better understand how team works. After advising this material, the author realized what makes a good team, how to match team to task, how to analyze team roles and how to balance skills within a team.
- Flannes S. W., & Levin, G. (2001). *People Skills for Project Managers*. United States of America: Management Concepts. That book proved very

useful in order to realize the importance of people skills in project management as well as in order to determine how poor team member performance is related to a project's failure.

- O'Rourke, J. S. (2004). *Management Communication: A Case Analysis Approach*. United States of America: Pearson Prentice Hall. This book has helped the writer a lot with issues concerning communication and strategy, such as defining communications and its elements, its levels, its principles and its barriers. The latter has also found useful information on communication ethics, as well as on communicating in intercultural and international contexts.
- Project Management Institute. (2004). *A Guide to the Project Management Body of Knowledge (PMBOK® Guide)*. United States of America: Project Management Institute. In this book the author found useful information on communications planning, information distribution, performance reporting and managing stakeholders.
- European Commission of Employment, Social Affairs and Equal Opportunities European Committees 2006. (2005). *The proceedings of the Social Dialogue Summit*. September, 29, 2005, from [http://ec.europa.eu/employment\\_social/social\\_dialogue/docs/sds\\_actes\\_en.pdf](http://ec.europa.eu/employment_social/social_dialogue/docs/sds_actes_en.pdf). This work proved very useful in gathering information about the twenty years of European Social Dialogue. In the next paragraphs the Conclusions by Mr. John Prescott (Deputy Prime Minister, United Kingdom) and Mr. José Manuel Barroso (President of the European Commission) will be presented.
- European Commission Directorate – General for Employment and Social Affairs Directorate D. European Communities 2003. (2002). *The Sectoral*

*Social Dialogue in Europe*. December, 2002, from [http://ec.europa.eu/employment\\_social/publications/2003/ke4702397\\_en.pdf](http://ec.europa.eu/employment_social/publications/2003/ke4702397_en.pdf). From this work, the writer found interesting information on the way that social dialogue proves to be an instrument of governance and a player in enlargement. Furthermore, he became familiar with the sectoral dimension of the social dialogue and he located the twenty-seven sectoral social dialogue committees.

- Europa – Activities of the European Union – Summaries of legislation. (2007). *Social Dialogue and Employee Participation*. July, 04, 2007, from <http://ec.europa.eu/scadplus/leg/en/502307.htm>. From this work, the writer gathered information on the cross-industry social dialogue, the sectoral social dialogue, while he learned more on topics concerning the employees' information and consultation, as well as their participation.
- European Commission Directorate – General for Employment, Social Affairs and Equal Opportunities Unit D. 1. (2005). *Recent Developments in the European Sectoral Social Dialogue*. December, 2005, from [http://ec.europa.eu/employment\\_social/social\\_dialogue/docs/sectoral\\_sd\\_2006.en.pdf](http://ec.europa.eu/employment_social/social_dialogue/docs/sectoral_sd_2006.en.pdf). This work proved useful in helping the writer to gather information concerning the social partners, the employers' organizations, the workers' organizations, as well as actions taken by the Sectoral Social Dialogue Committees.
- European Commission – Employment, Social Affairs and Equal Opportunities – Industrial Relations in Europe 2004 Report. (2005). *Restructuring has made industrial relations more important in the EU – new Commission report*. January, 20, 2005, from [http://ec.europa.eu/employment\\_social/emplweb/news/news\\_en.cfm?id=39](http://ec.europa.eu/employment_social/emplweb/news/news_en.cfm?id=39).

- Eurofound – Areas of expertise – Industrial relations – European industrial relations dictionary – Collective Bargaining. (2007). *Collective bargaining*. March, 28, 2007, from <http://www.eurofound.europa.eu/areas/industrialrelations/dictionary/definitions/COLLECTIVEBARGAINING.htm>.
- Wikipedia, the free encyclopedia. (2007). *Collective bargaining*. May, 15, 2007, from [http://en.wikipedia.org/wiki/Collective\\_bargaining](http://en.wikipedia.org/wiki/Collective_bargaining).
- Congress – Bargaining – Collective bargaining. (2007). *Collective Bargaining*. June, 07, 2007, from <http://www.ictu.ie/html/services/coolbar.html>.
- European Trade Union Confederation (ETUC). (2002). *Annual Report 2002: The coordination of collective bargaining in Europe*. November, 19, 2002, from <http://etuc.org/r/793>.
- European Trade Union Confederation (ETUC). (2003). *Annual Report 2003: The coordination of collective bargaining in Europe*. November, 10, 2003, from <http://etuc.org/r/793>.
- European Trade Union Confederation (ETUC). (2004). *Annual Report 2004: The coordination of collective bargaining in Europe*. November, 16, 2004, from <http://etuc.org/r/793>.
- European Trade Union Confederation (ETUC). (2005). *Annual Report 2005: The coordination of collective bargaining in Europe*. December, 07, 2005, from <http://etuc.org/r/793>.
- European Trade Union Confederation (ETUC). (2006). *Annual Report 2006: The coordination of collective bargaining in Europe*. December, 07, 2006, from <http://etuc.org/r/793>.

- European Union – European Social Fund Article 6 Innovative Measures. (2006). *Creating Value through Change: Anthropocentric approach bringing together Social Partners, Enterprises and Knowledge Providers. D6.1.1. Operation Study for the Social Dialogue Mechanism*. January, 15, 2006, from <http://speks.zenon.gr>.

At this point, it should be mentioned that the author used the references mentioned above, in order to collect information concerning the procedure of Collective Bargaining. The data found will be presented in more details in the following paragraphs. What should also be mentioned, in conclusion, is that these materials allowed the depth of research that was necessary to understand the importance of face-to-face negotiations between social partners in order to help drive mutually acceptable solutions on projects where social dialogue is required. In the following paragraphs each concept from the literature listed above, will be presented in detail.

When trying to define the term “project”, the following should be mentioned. The Project Management Institute (PMI) has defined a project as “A temporary endeavour undertaken to create a unique product or service” (Project Management Institute, 2001, p. 167). There is a rich variety of projects to be found in our society. Although some may argue that the construction of the Tower of Babel or the Egyptian pyramids was some of the first “projects,” it is probable that cavemen formed a project to gather the raw material for mammoth stew. It is certainly true that the construction of Boulder Dam and Edison’s invention of the light bulb were projects by any sensible definition. Modern project management, however, is usually said to have begun with the Manhattan Project. In its early days, project management was used mainly for very large, complex research and development (R & D) projects like



the development of the Atlas Intercontinental Ballistic Missile and similar military weapon systems. Massive construction programs were also organized as projects - the construction of dams, ships, refineries, and freeways, among others.

As the techniques of project management were developed, mostly by the military, the use of project organization began to spread. Private construction firms found that project organization was helpful on smaller projects, such as the building of a warehouse or an apartment complex. More recently, the use of project management by international organizations, and especially organizations producing services rather than products, has grown rapidly. Advertising campaigns, global mergers, and capital acquisitions are often handled as projects, and the methods have spread to the non-profit sector.

In the broadest sense, a project is a specific, finite task to be accomplished. Whether large- or small-scale or whether long- or short-run is not particularly relevant. What is relevant is that the project be seen as a unit. There are, however, some attributes that characterize projects. These are the following:

*Purpose.* A project is usually a one-time activity with a well-defined set of desired end results. It can be divided into subtasks that must be accomplished in order to achieve the project goals. The project is complex enough that the subtasks require careful coordination and control in terms of timing, precedence, cost, and performance. Often, the project itself must be coordinated with other projects being carried out by the same parent organization.

*Life cycle.* Like organic entities, projects have life cycles. From a slow beginning they progress to a buildup of size, then peak, begin a decline, and finally must be terminated. Also, like organic entities, they often resist termination. Some

projects end by being phased into the normal, ongoing operations of the parent organization.

*Interdependencies.* Projects often interact with other projects being carried out simultaneously by their parent organization, but projects always interact with the parent organization's standard, ongoing operations.

*Uniqueness.* Every project has some elements that are unique. In addition to the presence of risk, this characteristic means that projects, by their nature, cannot be completely reduced to routine. The project manager's importance is emphasized because, as a devotee of management by exception, the PM will find there are a great many exceptions to manage by.

*Conflict.* More than most managers, the project manager lives in a world characterized by conflict. Projects compete with functional departments for resources and personnel. More serious, with the growing proliferation of projects, is the project-versus-project conflict for resources within multiproject organizations. The members of the project team are in almost constant conflict for the project's resources and for leadership roles in solving project problems. [Meredith, J.R., 2003, pp. 8-10]

As long as it concerns the skills necessary for effective project managers, Lientz and Rea (1995) provide the following list of keys to success as a project manager:

- communicate regularly *in person* with key team members
- keep management informed
- keep informed on all aspects of the project
- delegate tasks to team members
- listen to input from team members
- be able to take criticism

- respond to and / or act on suggestions for improvement
- develop contingency plans
- address problems
- make decisions
- learn from past experience
- run an effective meeting
- set up and manage the project file
- use project management tools to generate reports
- understand trade-offs involving schedule and budget
- have a sense of humor. [Smith, K. A, 2007, pp. 78-79]

Concerning stakeholders' management, what has to be generally told, is that it refers to managing communications to satisfy the needs of, and resolve issues with, project stakeholders. Actively managing stakeholders increases the likelihood that the project will not veer off track due to unresolved stakeholder issues, enhances the ability of persons to operate synergistically, and limits disruptions during the project. The project manager is usually responsible for stakeholder management. [Project Management Institute, 2004, p. 235]

In order to investigate the project manager's role over the project life cycle, the writer considers important to mention the following.

*Planning.* During the planning stage, the project manager must establish project objectives and performance requirements. At this point, it is of great importance for the project manager to remember to involve key participants in the process, to establish well-defined milestones with deadlines, to try to anticipate problems and to build in contingencies to allow for them. Finally, it is very important to carefully outline responsibilities, schedules and budgets.

*Organizing.* The first step in organizing is to develop a work breakdown structure that divides the project into units of work. If the project is large and complex, then the next step is to create a project organization chart that shows the structure and relationships of key project members. Finally, schedules, budgets, and responsibilities must be clearly and thoroughly defined.

*Staffing.* Most project successes depend on the people involved with the project. The project manager must define work requirements and, to the extent possible, seek appropriate input when selecting team members. Finally, it is very important that the project manager sets specific performance expectations with each team member.

*Controlling.* Keeping the project on course with respect to schedule, budget and performance specifications requires paying attention to detail. In order to do so, it is important for the project manager to follow the guidelines referred below:

- communicate regularly with team members
- measure project performance by maintaining a record of planned and completed work
- chart planned and completed milestones
- chart regularly project costs
- document agreements, meetings and telephone conversations. [Smith, K. A, 2007, pp. 81-82]

At this point, it is important to mention that a team is a living, constantly changing, dynamic force in which a number of people come together to work. Team members discuss their objectives, assess ideas, make decisions and work toward their targets together. All successful teams demonstrate the same fundamental features: strong and effective leadership; the establishment of precise objectives; making

informed decisions; the ability to act quickly upon these decisions; communicating freely; mastering the requisite skills and techniques to fulfill the project in hand; providing clear targets for the team to work towards; and, above all, finding the right balance of people prepared to work together for the common good of the team. [Heller, R., 1998, p.6]

As long as it concerns the social dialogue among the social partners on employment matters, many cases of team members' performance problems have been referred in the past. In any case, the project manager who is addressing a team member's performance problem is encouraged to do the following:

- consult with other key parties, including the team member's manager and the human resource representative
- provide clear feedback to the team member as to specific levels of acceptable performance
- adopt a supportive, but task-oriented tone with the team member that conveys a message of being fair and firm
- focus on the work issues and avoid the natural temptation to become a personal counselor for the team member
- follow-up at regular intervals with the team member, requesting specific examples of progress toward goals while providing forthright comments regarding the achievement of required levels of performance. [Flannes, S. W., 2001, p. 225]

While examining the role played by the social dialogue among the social partners on employment matters, the writer realized that managing this project often requires cross-cultural communication skills. Furthermore, one set of skills essential to success in a global economy is the ability to communicate across cultures.

According to a number of authors on this subject, the skill set a project manager needs in order to manage the social dialogue among the social partners on employment matters, involves several personal capacities:

- *The capacity to accept the relativity of his own knowledge and perceptions.* It is well known that people tend to easily judge other people, events and ideas against their own education, background and beliefs. Simply recognizing that some of these are bound to be different from those of other cultures is a useful starting point.
- *The capacity to be nonjudgmental.* The project manager is free to make personal judgments, but it would be much better if he could keep them to himself.
- *A tolerance for ambiguity.* It is important for the project manager to accept the fact that he will never be able to understand everything about another culture. Despite that, he can always appreciate and function within that culture satisfactorily.
- *The capacity to communicate respect for other people's ways, their country and their values without adopting or internalizing them.* This also involves the capacity to display empathy, to be flexible, particularly under conditions of high ambiguity or uncertainty, to take turns and the humility to acknowledge what the project manager does not know or understand. [O' Rourke, J. S., 2004, pp. 245-246]

When trying to research the role supposed to be played by the social dialogue, as well as its actual results, the following are to be mentioned. Dialogue means talking, but what exactly does this word convey? Over the years, the dialogue

established between social partners has taken on a European dimension and acquired increasing importance in the eyes of the European Union.

A tool for consultation and negotiation, recognized as an essential dimension of the European model, the social dialogue is also one of the cornerstones of democracy. For that reason, the European Union has progressively established new rules and new mechanisms to strengthen the role of those playing a daily part in the economic and social development of its member countries.

The first stage began in 1985, when the “Val Duchesse” process encouraged an autonomous social dialogue between European social partner organizations. It was then a question of putting this dialogue into practice by making commitments.

The Treaty of Maastricht then enabled another important step to be taken. The social partners are now closely involved in all new social policy initiatives taken by the Commission. This procedure means that the opinion of players “in the field” can be taken into account. It is no longer merely consultation but also negotiation. This may lead to the conclusion of agreements at European level, enable autonomous social dialogue at cross-industry or sectoral level and possibly result in the signing of collective agreements.

The specific provisions of the Treaty of Amsterdam will obviously provide a new dimension for the European social dialogue. The Commission’s task today is to actively involve the social partners in drawing up Community social standards. It must therefore promote wider forms of consultation and take any measures likely to facilitate the conclusion of agreements.

### **Instrument of governance**

Involving the social partners in drawing up Community social law grants two wishes in establishing a balance between economic effectiveness and social justice. In an innovative way, the social dialogue forms part of the democratic governance of Europe. This instrument is based on an essential synergy between the different strata in the European Union's socioeconomic fabric (European, national, sectoral, local and undertaking levels).

At sectoral level, the social dialogue underwent an important development in 1998, when the Commission established the sectoral social dialogue committees and thus confirmed the role and the representativeness of European employer and worker organizations. Being closer to the grassroots, the sectoral approach promotes listening to players in the field at all levels, and enables problems specific to the various sectors to be dealt with. Today, the link between the dialogue conducted by sectoral organizations and the dialogue at cross-industry level is a major issue.

### **A player in enlargement**

The social dialogue plays an essential role in the context of enlargement. It is seen not only as an element of the Community *acquis*, highlighted during the pre-accession process, but also as a means of implementing it in the field. The social partners can therefore ensure that all Community provisions, after being formally adopted by the governments of the candidate countries, are properly implemented in the world of work and in business. Moreover, the social dialogue can act as a "driver", able to reconcile sometimes divergent interests between the different socioeconomic players in the European Union and the candidate countries. This shared vision ensures that common solutions will be sought to the various problems



arising during the process of enlargement. There is no doubt that the social dialogue will be one of the keys to the success of enlargement and to the challenges to be met within a renewed European Union. [European Commission Directorate – General for Employment and Social Affairs Directorate D. European Communities 2003, 2002]

### **The key stages in the European social dialogue**

**1985** – At the initiative of Jacques Delors, the European social partners are invited to cooperate with a view to improving growth and employment. This first step towards a constructive dialogue is traditionally called the Val Duchesse process.

**1991** – The social partners draw up a joint proposal for this process to be recognized in the Treaties.

**1992** – The Treaty of Maastricht adopts the “Protocol on social policy”, stipulating that the social partners must be consulted on social questions and may negotiate framework agreements between themselves. Attached to the Treaty, signed by the 12 Member States apart from the United Kingdom, this commitment marks for many the beginning of a social Europe. It enables the social partners to make use of the institutions, and of the procedures and mechanisms of the Treaty, for the purposes of taking among themselves and applying as far as they are concerned the acts and decisions required for implementing this text.

**1993** – Commission Communication on the implementation of the Protocol on Social Policy [COM(1993) 600 final].

**1995** – Conclusion of negotiations on parental leave, the first framework agreement concluded under Article 139 and implemented by a Council directive.

**1996** – Commission Communication on the development of the social dialogue at a European level [COM(1996) 448 final].

**1997** – The Treaty of Amsterdam confirms the fundamental role of the social partners and provides appropriate legal bases for the social dialogue. In addition, employment now forms part of the Community objectives, becoming a “matter of common concern”.

**1998** – The Commission decision instituting the social dialogue committees defines the criteria for the establishment, composition and operation of the sectoral dialogue committees.

**1999** – Conclusion of the third framework agreement, implemented through a directive, on fixed-term contracts.

**2000** – At the Lisbon European Summit, the European Union adopts what is now known as the Lisbon strategy, a commitment constituting a major turning point in the development of the Union’s social policy. All Community policies –economic, environmental or social – have the aim of developing a better and more fair society. In other words, the social component is to be included in all major areas in which the European Union acts. The ambitious objectives laid down by the Lisbon European Council give Europe 10 years to become “the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion”. That same year, the Commission presents its Social Policy Agenda. This states that “the social dialogue (should help to) make social dialogue at all levels contribute in an effective way to the challenges identified (and) promote competitiveness and solidarity and the balance between flexibility and security”.

**2001** – Joint contribution of the social partners to the Laeken European Council, demanding a more autonomous social dialogue.

**2002** – Commission Communication “The European Social Dialogue, a force for innovation and change” [COM(2002) 341 final].

A new generation of texts enlarges the social partners’ role in implementation and monitoring:

- in March, the social partners adopt a Framework of Actions for the life-long development of skills and qualifications, which will be implemented through the open method of coordination;
- in July, they conclude an agreement on teleworking, the first “autonomous” Article 139 framework agreement, which they will implement and monitor themselves.

To develop their autonomous social dialogue, the social partners adopt their first joint multi-annual work program (2003-2005) during the Social Dialogue Summit in Genval (28 November).

**2003** – First Tripartite Social Summit for Growth and Employment (20 March), with the Council Presidency, the President of the Commission and top-level representatives from the social partners (on the basis of the Council’s decision of 6 March 2003).

**2004** – Commission Communication “Partnership for change in an enlarged Europe – Enhancing the role of European Social Dialogue” [COM(2004) 557 final].

Adoption of the second autonomous framework agreement on work-related stress.

**2005** – Mid-term review of the Lisbon strategy: The European Council (22-23 March) reiterates the importance of the social partners’ active involvement in order to achieve the strategy’s objectives on growth and employment.

Conclusion of the Framework of Actions on gender equality, identifying work priorities for the national social partners.

Start of negotiations on the second multi-annual work program of European social partners for 2006-2008. [European Commission Directorate – General for Employment and Social Affairs Directorate D. European Communities 2003, 2002], [European Commission of Employment, Social Affairs and Equal Opportunities European Committees 2006, 2005]

### **1998 – 2002: The sectoral dimension of the social dialogue**

Since the way in which they are set up and operated was defined in 1998, some 27 sectoral social dialogue committees have been established in specific areas of activity. On the basis of their experience, they play an increasingly constructive role in the process of improving European governance. In the meantime, in the light of the constant reaffirmation of the importance of social cohesion within the European Union – commonly known as the “Lisbon strategy” – the Commission has developed its support for and involvement in the operation of these key social dialogue tools.

At European level, the sectoral social dialogue goes back a long way. There had been attempts at concertation across boundaries; either in the form of joint committees and informal groups or via the existence of European works committees. But many of these had little concrete impact. Such structures frequently proved to be outmoded and no longer up to the specific challenges posed in the sectors. From 1996, and following broad consultation by the Commission in connection with its communication on the development of the social dialogue at Community level, all the partners concerned were involved in the debate.

The outcome was that there were major expectations at European level. The sectoral dimension of the social dialogue exists in the great majority of national industrial relations systems, where many sectoral agreements are applied. Undertakings, like organizations representing workers, are largely affiliated to federations, organised in accordance with their sector of activity.

### **1998: The first stage**

From this arose the European commitment to promoting real sectoral social dialogue, constituting a forum for discussion and interim negotiation, capable of supplementing existing concertation at undertaking and cross-industry levels. Close to the grass-roots, the social partners in a position to face the challenges in their specific areas. They can play a major role in anticipating and managing industrial changes at European level. In a context in perpetual development – whether it be the enlargement of Europe or the challenges of globalisation – the sectoral social dialogue is called upon to develop its full potential.

In its communication of 1998 entitled “Adapting and promoting the social dialogue at Community level”, the Commission laid the foundations for a new organization of the social dialogue at sectoral level. The document laid down precise provisions concerning the establishment, representativeness and operation of new sectoral committees, intended as central bodies for consultation, joint initiatives and negotiation.

### **2000: A strategic item on the social policy agenda**

In the context of the implementation of the Lisbon strategy, the Commission stressed the importance of promoting the quality of industrial relations, one of the

main points in the social policy agenda which it proposed in 2000. The overall aims planned, which were considered essential, were as follows:

- to consult the social partners at European level with a view to identifying areas of common interest, including those offering the best possibilities for collective bargaining;
- to closely monitor and continuously update the study on the representativeness of social partners at European level;
- to launch a reflection group on the future of industrial relations;
- to promote interaction between the social dialogue at European and national levels through national round tables on issues of common interest (work organization, future of work, new forms of work);
- to review with the social partners the functioning of the social dialogue structures (at both cross-industry and sectoral levels) and propose amendments if necessary;
- to invite the social partners to develop their own initiatives in areas of their responsibility to adapt to change;
- to implement the strategy for lifelong learning and training.

### **2002: The turning point**

Pursuing this logic, the new communication from the Commission, “The European social dialogue, a force for innovation and change” published in June 2002, is a crucial step. The document makes it possible to get to the heart of the matter: radically improving existing structures and promoting more effective dialogue to guarantee better governance at Union level.

In all the proposed measures, the Commission stresses that the sectoral dialogue is “the proper level for discussion on many issues linked to employment, working conditions, vocational training, industrial change, the knowledge society, demographic patterns, enlargement and globalisation”.

In the light of this, the Commission wishes to:

- pursue its policy of setting up new committees;
- encourage the necessary groupings and cooperation between sectors;
- gear the activities of the sectoral social dialogue committees to dialogue and negotiation only;
- give priority support to committees whose work culminates in practical results representing their contribution to the implementation and monitoring of the Lisbon strategy;
- reinforce the role of the liaison forum as the preferred arena for information and general consultation.

### **Concrete results**

Since the Committees were established, the sectoral social dialogue has given rise to some 230 commitments of different types and scale: opinions and common positions, declarations, guidelines and codes of conduct, charters, agreements, etc. Some of these initiatives, such as agreements concluded in the transport sector, have led to Community directives. Other texts – declarations or common opinions – have been adopted in order to clarify the position of the social partners on themes directly linked to the future of their sector. This concern appears, for example, in agreements on the guidelines for teleworking in the telecommunications and commerce sectors or on employment for ageing workers.

Many measures also deal with major themes of common interest shared by several sectors. This is the case, for instance, with the liberalisation of services (postal services, electricity, transport, telecommunications), consolidation of the internal market (banking, insurance, construction, telecommunications), Community policies (agriculture, fisheries, transport), strengthening of competitiveness in a globalised economy (textiles, clothing footwear and leather), professionalisation and the quality of work and of services (private security, industrial cleaning and personal services), and the effect of new technologies on work organisation (telecommunications, commerce).

The question of enlargement concerns all sectors.

#### **Committees: Instructions for use**

*Establishment.* The sectoral social dialogue committees shall be established with due regard for the autonomy of the social partners. Their organizations shall apply jointly to the European Commission to take part in a social dialogue at European level. The European organizations representing employers and workers must, when submitting this application, meet the following criteria:

- relate to specific sectors or categories and be organized at European level;
- consist of organizations which are themselves an integral and recognized part of Member States' social partner structures and have the capacity to negotiate agreements, and which are representative of several Member States;
- have adequate structures to ensure their effective participation in the work of the committees.

*Composition.* The sectoral social dialogue committees shall consist of a maximum of 40 representatives of the social partners, comprising an equal number of



employers' and workers' representatives. They shall be chaired either by a representative of the social partners or, at their request, by the representative of the Commission who shall, in all cases, provide the secretariat for the committees.

*Operation.* Each Committee shall adopt its own rules of procedure and work programme. It shall hold at least one plenary meeting per year and deal with more specific questions at meetings of enlarged secretariats or restricted working parties (employment, health and safety at work, enlargement, training, etc.). It shall most frequently delegate to the respective secretariats of the social partners, with the Commission, the task of preparing meetings, the agenda and following up work previously validated at the plenary meeting. In its decision of 1998, the Commission sought to rationalize the operation of the committees with a view to ensuring concrete results from increasingly effective work.

*Representativeness.* Representativeness is obviously essential for the legitimacy of the social dialogue. For that reason, whenever an application to set up a committee is made, the Commission sends the social partner organizations concerned a questionnaire to enable them to evaluate the extent to which they meet the criteria for establishment, particularly the authority to negotiate agreements or the representativeness which determines the relevance of the social dialogue. The requirement for representativeness will vary depending on the nature of the measures. For example, it will be stricter in the case of a negotiated agreement than for a simple consultation.

### **The liaison forum**

A body for information and exchanges, the social partners' liaison forum meets several times a year at the invitation of the Commission. Its role was set out in

the communication of 2002. The social partners at cross-industry and sectoral levels are informed of developments in the EU social policy and of its main initiatives in that field. The forum is also a place for discussion, consultation on themes of common interest to all sectors and sharing of experiences in the different sectors.

### **Community support**

To assist players in the sectoral social dialogue in preparing measures in the field of industrial relations, the Commission provides them each year with significant amounts distributed under three specific budget lines (B3-4000; B3-4002; B3-4003). Each of these has precise aims.

*Promoting the social dialogue and strengthening the structures of organizations.* Budget in line B3-4000 was established to promote development of the social dialogue at cross-industry and sectoral levels. It funds consultations, meetings, negotiations and other measures to develop expertise and exchanges of information on a European basis. The appropriations allocated may also relate to measures for promoting good practice, preparatory studies and projects intended to develop codes of conduct and social labels aimed at ensuring respect for fundamental social and labour rights. These projects must be carried out with the participation of the social partners or of organizations linked to industrial relations or non-governmental organizations defending fundamental social rights.

This budget line may also be used to fund measures involving representativeness of the social partners in the candidate countries to strengthen the social dialogue in those countries and prepare them for enlargement.

*Strengthening training and information measures.* Budget line B3-4002 is intended to fund, among other things, this type of measures for worker organizations,

with a view to implementing the social dimension of the internal market. These measures may be carried out within Member States or in one of the candidate countries and allow for the participation of representatives of the social partners.

*Developing information and consulting of workers.* Budget line B3-4003 is aimed in particular at funding measures to strengthen transnational cooperation by workers' and employers' representatives with regard to information, consultation and participation in undertakings operating in a number of Member States. It also covers innovative measures for the prevention and resolution of disputes in multinational undertakings, particularly in the context of restructuring. Both the promoters and those involved with the funding must be representatives of workers or employers.

*Details concerning the rules governing allocation, the eligibility of candidates, project proposals, selection procedures and criteria are published each year in calls for proposals under each line. The budget for these measures in 2002 was approximately:  
 EUR 11.28 million for line B3-4000,  
 EUR 11.3 million for line B3-4002  
 and EUR 6 million for line B3-4003.*

### **The social dialogue, a factor in enlargement**

An integral part of the Community *acquis*, the social dialogue is once again a current topic in the context of the process of enlargement of the European Union. On the one hand, because the candidate countries must integrate this *acquis* rapidly. On the other, because the social dialogue can serve as an important level for ensuring that enlargement of the Union is a full success.

The candidate countries have entered a phase in which they are endeavouring to promote and consolidate the social dialogue structures. However, despite the

progress observed during the accession negotiations, significant weaknesses remain. The candidate countries have organized consultations between the State and the social partners, within tripartite structures which have helped to maintain a degree of social consensus, concerning the reforms carried out during the first years of transition. However, this tripartite dialogue has not always proved very effective and has not led to large-scale participation of the social partners.

Consequently, the autonomous social dialogue and collective bargaining have not been considered a priority – a weakness reflected at undertaking and sector levels. At undertaking level, and particularly among private-sector SMEs, some forms of social dialogue or solid industrial relations are still lacking. In almost all candidate countries, the negligible number of sectoral collective agreements reflects the weakness of the social partners, particularly the employer organizations. In general, neither civil servants nor the public sector (health, education, transport, communications, science and research, for example), where significant strikes are a regular occurrence, have any collective agreements.

### **An integral part of the Community *acquis***

The social dialogue forms part of the institutional *acquis* since the process of autonomous social dialogue is guaranteed by the Treaty. It has defined new responsibilities for the social partners in the context of employment policy with their participation in the European employment strategy. Finally, participation by the social partners is at the heart of a number of directives, such as those on information, consultation and the European works committees or those relating to health, safety at work and equal opportunities.

A component of fundamental social rights, the social dialogue is also a tool for implementing the Community *acquis* at local level. In this light, promotion of the social dialogue is particularly important in the candidate countries.

### **Mobilization of the social partners**

Although this is a theme where the State plays a certain role (as shown by the various obligations imposed on the candidate countries), the autonomy of the social partners is also a factor. Awareness of the challenge posed by enlargement has driven the social partners both in the Member States and in the candidate countries since the late 1990s.

There have been many initiatives taking many forms.

- An initial joint conference on “social dialogue and enlargement”, held in Warsaw in March 1999, was in some respects a starting point. It was followed in March 2001 by an important symposium in Bratislava on the social dialogue in the candidate countries, permitting an important evaluation of progress achieved.
- Various discussions have also begun on specific “horizontal” aspects.

On the employers' side, a number of round tables on themes such as “health and safety”, “employment” and “information/consultation mechanisms” have permitted exchanges of views between employer organisations in the Union and in the candidate countries.

The CEEP has organised conferences on the public services and services of general interest.

With the participation of the candidate countries, the trade unions have also implemented interesting analyses of questions such as relocations, labour law (via the Netlex network of legal experts) or incomes and wages policy.

### **The boom in sectoral initiatives**

In parallel with this, an increasing number of initiatives have been deployed at sectoral level. It is at this level - where the social partners face very specific problems, such as restructuring or the liberalisation of markets - that a “broadly European” social dialogue may prove effective on the questions raised by the accession of new members to the Union. In the light of enlargement, the social partners have been able to use the social dialogue in various sectors, adopting as a general rule successive and complementary objectives.

*Identifying the social partners.* An essential requirement on both sides has been to identify “opposite numbers”, with whom a dialogue can be established. A wide range of contacts and synergies has been developed in this way.

This was the case with initiatives in the private security or cleaning industry sectors in 1999-2000, postal services in 2001 (conference in Romania) and fisheries in 2002 (conference in Malta). These events generally lead to a joint declaration by the social partners. More recently, an economic and social forum was organised in the textile sector; in the footwear sector in Prague, Czech Republic, in November 2001; and in the tanning sector in Budapest, Hungary in 2001 and then in Bucharest, Romania in October 2002.

*Resolving specific problems together.* The sectoral social dialogue is often renowned for debating specific questions. Aware that workers in the candidate countries constitute a significant potential labour market resource, the construction

sector is preparing for the consequences of enlargement (Warsaw 2002). Rail and road transport and inland waterways have also studied questions linked to the risks of “social dumping” and suitable methods for dealing with it. In the railways sector, the social partners are concerned with problems of competition and the opening up of markets. In the telecommunications sector, the themes of liberalisation and privatisation have been chosen as the subject for debate between the social partners (Budapest 2001).

*Achieving joint outcomes.* In some sectors, the social partners have gone well beyond preliminary deliberations to undertake joint measures. In the textile and clothing field, for example, pragmatic cooperation by partners in the European Union and the candidate countries has been established on the basis of an original initiative: the extension to the candidate countries of the code of conduct on fundamental rights adopted in 1997 by the European social partners. In addition, there have been thematic seminars in Turkey, with the aim of carrying out a comparative analysis of working conditions in this sector.

The social partners in commerce have debated relevant questions during a series of round tables in Estonia, Hungary, the Czech Republic and Poland (1998-99) and in Lithuania, Slovenia, Slovakia and Latvia (2000-02). In the agriculture sector, questions relating to enlargement have also been tackled by the social partners in the European Union and the candidate countries. In the banking sector; there have been six round tables (in Hungary, Malta, Slovenia, the Czech Republic, Slovakia and Poland); the exercise - which proved very useful - has been extended to three additional countries in 2003 (Cyprus, Romania and Bulgaria). The recently-established mining sector is organising a conference on sustainable development in Bucharest in 2003.

*Strengthening structures.* Other sectoral initiatives are aimed at strengthening social dialogue and social partner structures. European telecommunications operators devoted a seminar to the social dialogue and collective bargaining, and the role they could play during restructuring (Hungary 2002).

The absence of social dialogue and social partners at sectoral level could become a problem in the light of the enlargement of the European Union: not only does it restrict the scope of collective bargaining, but it could also hinder the necessary participation by the partners from the candidate countries in the social dialogue at Community level. The latter must prepare for the sectoral social dialogue mechanisms at European level.

### **For a global process**

The social partners need to act in all the fields referred to above prior to the candidate countries' accession to the European Union. For them it is a real challenge, both at cross-industry and sectoral levels. The European Commission has also geared the pre-accession strategy programme (Phare) for the candidate countries towards the social dialogue.

In reality, the social dialogue cannot be effective and improve the implementation at local level of national and Community provisions without a proper link between its development at the different levels: national, sectoral, regional and undertaking.



**The sectors' initiatives on enlargement: 2000-02**

<b>Sectors</b>	<b>Initiatives</b>
<b>Agriculture</b>	Conference on involving the candidate countries and the social partners in the social dialogue ( <b>Budapest, January 2000</b> )
<b>Banking</b>	Bilateral round tables ( <b>Hungary, Czech Republic, Poland, Slovakia, 1999-2002</b> )
<b>Civil aviation</b>	Conference on the social dialogue in industry ( <b>September 2000</b> ). Seminar on the social dialogue in the European common aviation area ( <b>September 2001</b> )
<b>Cleaning</b>	Joint declaration on enlargement, with the social partners undertaking to cooperate in order to contribute to structuring the sector in the candidate countries ( <b>January 2001</b> ). Training sessions on the theme of the social dialogue and enlargement ( <b>September and October 2002</b> )
<b>Commerce</b>	Round tables and seminars ( <b>Bulgaria, Slovakia, Lithuania, Slovenia, Latvia, Poland, Estonia, Hungary, Czech Republic</b> )
<b>Construction</b>	Conference "Enlargement: chance or risk" ( <b>Berlin, 2002</b> ). Round table ( <b>Warsaw, 2002</b> )
<b>Electricity</b>	Conference on the social implications of restructuring in the electricity sector in the candidate countries ( <b>Budapest, September 2002</b> )
<b>Footwear</b>	Economic and social forum ( <b>Prague, November 2001</b> )
<b>Furniture</b>	Seminar on extending the social dialogue to central and eastern Europe ( <b>Budapest, July 2002</b> )
<b>Horeca and tourism</b>	Seminar on the European social dialogue, organized by EFFAT, with representatives of Hungarian trade unions ( <b>Brussels, May 2000</b> )
<b>Live performance</b>	Conference "Towards enlargement of the European social dialogue in the arts" ( <b>Brussels, 2003</b> )
<b>Postal services</b>	Conference on enlargement and the social dialogue ( <b>Bucharest, 2001</b> )
<b>Private security</b>	Training sessions on the social dialogue and enlargement ( <b>October 2002</b> )
<b>Road transport</b>	Joint opinion on drivers from third countries driving within the Community ( <b>September 2000</b> )
<b>Sea fishing</b>	Round table on the sectoral social dialogue and enlargement ( <b>Malta, November 2002</b> )
<b>Sea transport</b>	Seminar on the social aspects of employment ( <b>Brussels, May 2002</b> )
<b>Sugar</b>	Conference on the impact of enlargement on the sugar industry ( <b>Bratislava, 2002</b> )
<b>Tanning and leather</b>	Economic and social forum ( <b>Hungary, September 2001; Bucharest, October 2002</b> )
<b>Telecommunications</b>	Seminar on the implications of the liberalization of markets ( <b>Hungary, October 2001</b> )
<b>Textile and clothing</b>	Seminar on the social dialogue and fundamental rights ( <b>Turkey, 2000</b> ), Economic and social forum ( <b>Poland, May 2002</b> )

[European Commission Directorate – General for Employment and Social Affairs  
Directorate D. European Communities 2003, 2002]

Finally, in the next few pages, the author will try to present the Collective Bargaining process.

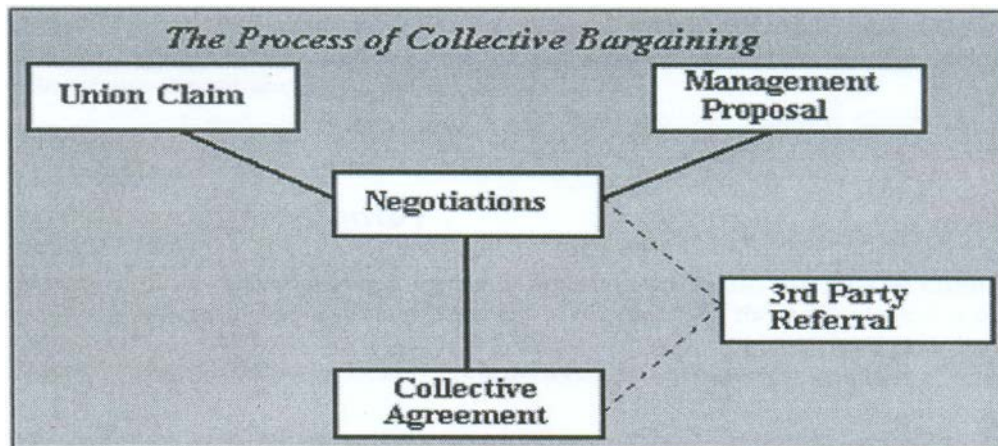
### **What is collective bargaining?**

Collective bargaining is the process by which workers collectively negotiate agreements with their employers. Collective Bargaining takes place where workers are collectively organized in a trade union which negotiates on their behalf with a management which recognizes the union's right to represent their members. The object of Collective Bargaining is to include a Collective Agreement. The agreement may deal with pay or conditions or procedural arrangements governing the relationships between workers and their management. The bargaining process is based on an understanding that there are differing and often conflicting interests to be reconciled between the workforce as wage earners and the employer as shareholder/owner. [Congress – Bargaining – Collective Bargaining, 2007]

The central role of collective bargaining between workers and employers and their organizations in industrial relations in the Member States is recognized by the EU in Article 28 of the Charter of Fundamental Rights of the European Union of December 2000 (“Right of Collective Bargaining and Action”) and in Article 12 of the Community Charter of the Fundamental Social Rights of Workers of 1989.

“The right to Bargain Collectively” was also declared a fundamental right in the 1961 European Social Charter of the Council of Europe (Article 6). The interpretation by the European Court of Human Rights in Strasbourg of the right to freedom of association in Article 11 of the European Convention for the Protection of Human Rights and Fundamental Freedoms has extended some protection also to

collective bargaining (*Wilson and the National Union of Journalists; Palmer, Wyeth and the National Union of Rail, Maritime and Transport Workers; Doolan and others v. United Kingdom*, decided 2 July, 2002). [Eurofound – Areas of expertise – Industrial relations – European industrial relations dictionary – Collective Bargaining, 2007]



[Congress – Bargaining - Collective Bargaining, 2007]

### **Why is the Bargaining “Collective”?**

Employers sometimes argue that contractual relationships between workers and their employer should be at an individual, one-to-one level. This is sometimes referred to as the unitarist approach. Most workers realize, however, that there is no equality in status or bargaining position between the employer and the individual on his or her own. A balance can only be achieved where the workers interest is supported by collective organization and representation. This does not automatically imply conflict or adversarial relationships between workers and their employer. On the contrary, a balance of influence and strength can provide a more solid foundation for partnership and co-operation within, or parallel to, the collective bargaining system. [Congress – Bargaining - Collective Bargaining, 2007]

## **Economic Theory of Collective Bargaining**

Economic Theory provides many models which are able to explain Collective Bargaining: the first is the so-called Monopoly Union Model ([Dunlop, 1944](#)), according to which the monopoly union has the power to maximize the wage rate after that the firm has chosen the level of employment. This model seems to be unrealistic and is being abandoned by the recent literature. The second is the Right-to-Manage model which was developed by the British school during the 1980s (Nickell); here the labor union and the firm bargain over the wage rate according to a typical Nash Bargaining Maximin can be written as  $\Omega = U^\beta \Pi^{1-\beta}$ , where  $U$  is the utility function of the labor union,  $\Pi$  the profit of the firm and  $\beta$  represents the bargaining power of the labor unions. The third model is called the efficient bargaining (McDonald and Solow, 1981) where the union and the firm bargain over both wages and employment (or, more realistically, hours of work). [Congress – Bargaining - Collective bargaining, 2007], [Wikipedia, the free encyclopedia, 2007]

## **United Kingdom**

The British academic Beatrice Webb reputedly coined the term “collective bargaining” in the late 19th century: the OED quotes her use of it in 1891 in Cooperative Movement. Webb aimed to characterise a process alternative to that of individual bargaining between an employer and individual employees. Other writers have emphasised the conflict-resolution aspects of collective bargaining, but in Britain the most important refinement in usage came from Allan Flanders, who defined collective bargaining as a process of rule-making leading to joint regulation in industry. Most commentators see the process of collective bargaining as necessarily containing an element of negotiation and hence as distinct from processes

of consultation, which lack the element of negotiation and where employers determine outcomes unilaterally.

In the United Kingdom collective bargaining has become, and has received endorsement for many years as, the dominant and most appropriate means of regulating workers' terms and conditions of employment, in line with ILO Convention No. 84. However, the importance of collective bargaining in the United Kingdom and elsewhere in the industrialized world has declined considerably since the early 1980s. Its decline in the public sector stems in part from the growth of Review-Body arrangements provided through the Office of Manpower Economics for groups of workers, including for the majority of National Health Service staff.

Despite its significance, in the United Kingdom there remains no statutory basis for collective bargaining in the fields of learning and training, a situation that has attracted the attention of both the Trades Union Congress and members of the Royal College of Nursing. A coalition has formed which actively seeks to remedy this situation by expanding the scope of collective bargaining to encompass learning and training. [Congress – Bargaining - Collective bargaining, 2007], [Wikipedia, the free encyclopedia, 2007]

### **United States**

In the United States, the National Labour Relations Act covers most collective agreements in the private sector.

Many notable collective bargaining agreements (CBAs) in the United States involve major professional sports leagues. Because of a history of poor relations between the players' unions and owners of all the various major leagues, as well as because of the tremendous amounts of money involved, it has become difficult in

recent years to work out agreements. A total breakdown in talks between the sides wiped out the entire 2004/2005 NHL season, making the NHL the first major North American sports league to lose an entire season to labour issues (the relevant parties reached an agreement in time to play the 2005-06 season). The NHL has historically had poor labour relations, resulting in numerous lockouts of players and the shortening of many seasons.

The National Football League (NFL) had fears that disagreements over revenue allocation might force teams in 2006 to cut numerous star players in order to stay under the agreed-upon salary cap. Beyond this year, without an agreement for 2007, the salary cap provisions would have sunset. This could have caused players and owners both to seek substantially disparate compensation guidelines in their next CBA (e.g., sizes of pay increases year-to-year, the effect of signing bonuses on a team's cap, etc), raising the spectre of a strike in 2008. However, on March 8, 2006 the owners agreed in a 30-2 vote (the Buffalo Bills and Cincinnati Bengals voting against it) to accept the National Football League Players' Association's proposal, and also settled the revenue-sharing controversy, forestalling the above scenario.

The National Basketball Association's CBA also expired in summer 2005, and though the two sides ultimately reached an agreement, its last expiration caused the cancellation of one-half of the 1998-99 NBA season due to lockout.

Major League Baseball has had numerous disagreements between team owners and the MLBPA. There have been 3 strikes led by players in the 1972, 1981, and 1994 seasons. The 1994 World Series was cancelled because of a strike. This was the first time that a major professional team sport had their championship cancelled. [Congress – Bargaining - Collective bargaining, 2007], [Wikipedia, the free encyclopedia, 2007]

## **European experience**

Many continental European countries, like Austria, the Netherlands and Sweden, have a social market economy where collective bargaining over wages, is done on the national level between national federations of labour unions and employers' organizations. In Finland, a Comprehensive Income Policy Agreement can be reached in some years. It is collective bargaining taken to its logical maximum, setting a single percentage raise for virtually all wage-earners.

For the trade unions, several sectoral federations are in charge of the collective bargaining for their affiliates emf-fem for the metal workers.

In some countries, such as Finland, collective agreements with enough support are universally applicable, in a particular field, regardless of union membership. Effectively, the universal collective agreement sets the minimum wages and other benefits, under which no employer may go with any employee, union member or not. Personal benefits can be given regardless. This could be contrasted with the U.S. practise where all members are forced to join the union and then cannot anything but the union wage.

In France, collective bargaining became legal with the Matignon agreements passed in 1936 by the Popular Front government. [Congress – Bargaining - Collective bargaining, 2007], [Wikipedia, the free encyclopedia, 2007]

## **How has collective bargaining developed in Ireland?**

Collective Bargaining in Ireland is conducted on a voluntary basis in that no side is obliged by law to enter into negotiations. However, in a few instances, e.g. health and safety, collective redundancies, employers are required by law to consult with workers on their representatives. However, consultation only tends to involve the

provision of information and the consideration, by management, of any responses to that information. Negotiations, on the other hand, imply that any resolution will be jointly determined and result in the agreement between the parties.

Collective Bargaining has been the traditional basis for establishing pay and conditions in Ireland since the early part of the century. Most workers have their pay and conditions directly determined by collective agreements within their employments. Others, including many who are not in a trade union, have their pay and hours of work determined by national or sectoral agreements negotiated by trade unions. [Congress – Bargaining - Collective bargaining, 2007]

### **What are Collective Agreements?**

A Collective Agreement is a labor contract between an employer and one or more unions. As already referred above, Collective Bargaining consists of the process of negotiation between representatives of a union and employers (represented by management, in some countries by employers' organization) in respect of the terms and conditions of employment of employees, such as wages, hours of work, working conditions and grievance-procedures, and about the rights and responsibilities of trade unions. The parties often refer to the result of the negotiation as a Collective Bargaining Agreement (CBA) or as a Collective Employment Agreement (CEA). [Congress – Bargaining - Collective bargaining, 2007], [Wikipedia, the free encyclopedia, 2007]

### **Are there different types of Collective Agreements?**

Collective agreements may be in the form of procedural agreements or substantive agreements. Procedural agreements deal with the relationship between



workers and management and the procedures to be adopted for resolving individual or group disputes. This will normally include procedures in respect of individual grievances, disputes and discipline. Frequently, procedural agreements are put into the company rule book which provides information on the overall terms and conditions of employment and codes of behaviour. It is important to mention that a substantive agreement deals with specific issues, such as basic pay, overtime premiums, bonus arrangements, holiday entitlements, hours of work, etc. In many companies, agreements have a fixed time scale and a collective bargaining process will review the procedural agreement when negotiations take place on pay and conditions of employment. [Congress – Bargaining - Collective bargaining, 2007]

### **Does Collective Bargaining deal with workers' rights?**

The bargaining process can cover both rights and interests issues. A rights issue deals with a group or individual's rights under company/union agreements, national or sectoral agreements, or under law. If there is a dispute among the parties concerning the interpretation of any agreement, the matter is usually referred to an appropriate third party. The Rights Commissioner service of the Labour Relations Commission deals specifically with rights' issues. An interest issue is one where some new concession is being sought for the benefit of one side or the other. This normally arises in the context of a claim for higher pay or improved conditions, i.e. during the negotiation of substantive agreements. [Congress – Bargaining - Collective bargaining, 2007]

### **Who is covered by Collective Agreements?**

A union or group of unions negotiates with employers on behalf of its members in a particular employment or industrial sector. In the case of national agreements, Congress negotiates on behalf of all workers organised in unions affiliated to ICTU. Within an individual company more than one union may exist and, in that instance, unions either negotiate together as a group or negotiate separately on behalf of their particular members. [Congress – Bargaining - Collective bargaining, 2007]

### **Is a collective agreement legally binding?**

Generally, collective agreements are not binding in law. An exception would be where a collective agreement is registered with the Labour Court. A registered agreement, as is the norm for example in the construction industry, obliges all employers, including those who do not recognise trade unions, to meet the terms of the registered agreement. In the vast majority of cases, however, a collective agreement is not legally binding, and depends on the goodwill and commitment of both unions and employers to ensure compliance. [Congress – Bargaining - Collective bargaining, 2007]

Just as collective bargaining receives legal support in the Member States, this array of European legal guarantees provides the background for the EU's recognition of the centrality of collective bargaining. The operation of collective bargaining in EU industrial relations is multi-faceted, as evident in the various functions attributed to collective agreements by EU Directives and the growing role of European collective agreements. At EU level, collective bargaining takes place at inter-confederal/inter-sectoral, multi-sectoral, industry/sectoral, enterprise and inter-regional level.

[Eurofound – Areas of expertise – Industrial relations – European industrial relations dictionary – Collective Bargaining, 2007]

### **Who negotiates agreements?**

Major company/union agreements are normally negotiated by paid officials of unions assisted by workplace representatives. Many local issues are dealt with by the workplace representative although if the issue is likely to develop into a dispute, senior union officials are involved. The extent of responsibility devolved to local representatives varies between unions. [Congress – Bargaining - Collective bargaining, 2007]

### **Who negotiates national agreements?**

Agreements such as the Programme for Competitiveness and Work are negotiated by the Irish Congress of Trade Unions on behalf of all affiliated unions. The negotiations take place with the Irish Business and Employers' Confederation (IBEC) and the Construction Industry Federation (CIF) and the Government. In respect of the agreement on pay and conditions, the Government is represented in the discussions solely as an employer, i.e. the negotiations are bi-partite, not tri-partite. The broader negotiations, which include Government, unions, employers and farmers, cover social and economic issues.

Congress must be mandated by affiliated unions before entering into negotiations on a national programme. This takes place at a special conference of Congress, at which a resolution is debated and voted on by delegates from affiliated unions. Similarly, the outcome of any negotiations is the subject of a special delegate conference of Congress, at which a vote is held. Most unions conduct ballots of their

members in advance of the Congress Conference to determine their response to any draft accord. [Congress – Bargaining - Collective bargaining, 2007]

### **What is the subject of collective bargaining today?**

Collective bargaining is a means of implementing EU directives in the field of employment and industrial relations. Therefore, one specific process of collective bargaining takes place when negotiations develop “in the shadow of the law”. This is exemplified by Council Directive 94/45/EC of 22 September 1994 on the establishment of a European Works Council, or a procedure in Community-scale undertakings and Community-scale groups of undertakings, for the purpose of informing employees and consulting with them –the European Works Councils (EWC) Directive. The directive is characterized by a strategy, which is apparently assuming greater prominence in the EU system: the delegation to the social partners, management and labor, of the competence to negotiate the relevant European labour standards. The EWC is to be negotiated by the central management of the multinational enterprise and the representatives of the workforce; they must negotiate “in a spirit of cooperation with a view to reaching an agreement on the detailed arrangements for implementing the information and consultation of “employees” (Article 6). However, the Directive shapes the negotiating process by explicitly providing that, if agreement is not reached, minimum (subsidiary) requirements laid down in an Annex to the Directive will apply [Article 7(1)]. In practice, therefore, the structure of negotiations between the parties is influenced by the subsidiary requirements. Also in the case of the establishment of a European company or a European Cooperative Society, management has to negotiate at European level with a special negotiating body composed of representatives from various Member States.

The increasing number of translational enterprise undergoing restructuring represents another driver for collective bargaining at European level. There are already cases in which European industry federations and/or European Works Councils have signed framework agreements concerning the social regulation of restructuring processes. Other framework agreements that were negotiated at European level deal with labor policies and labor standards. [Eurofound – Areas of expertise – Industrial relations – European industrial relations dictionary – Collective Bargaining, 2007]

In the past collective bargaining was largely confined to pay and hours of work. Today, collective bargaining covers a much broader agenda, encompassing such things as pensions, health and safety, equality of opportunity, training and personal development, and consultation on participative arrangements. Collective agreements usually stipulate procedures for dealing with grievances and disciplinary matters. More than ever before, collective bargaining takes into account the competitive pressures faced by a company and related issues involving rationalisation, restructuring and new technology.

Because national collective agreements, such as the PCW, covers pay and hours of work, negotiations at company level have tended to extend into the non-pay area more and more. Frequently, the emphasis is on developing a strategy and culture which combines employers' needs for greater competitiveness and innovation with workers' desire for improved conditions and a better workplace environment. [Congress – Bargaining - Collective bargaining, 2007]

### **Is the climate changing for collective bargaining?**

The intensification of competition and the new emphasis on quality and reliability is impacting on the traditional industrial relations environment. Collective

bargaining cannot be divorced from the market and economic environment in which companies operate. Whereas in the past negotiations tended to be focused around a union claim, companies adopting a human resources management approach, tend to want to set the agenda, which in a unionised environment places unions in the position of responding to management's demands. Congress, in its policy document "Managing Change" sets down a strategy for a more participative and non-adversarial style of collective bargaining within the context of the global competitive environment for business. [Congress – Bargaining - Collective bargaining, 2007]

Apart from that, as part of its Social Agenda for the period 2005-2010, the European Commission initiated a discussion on setting up an optional legal framework for transnational collective bargaining. With the growth of transnational enterprises, the continuing pressure of takeovers and mergers and the extension and development of European Works Council, transnational collective bargaining is expected to become more common. Therefore, the European Commission believes that a legal framework might become necessary to regulate such issues as defining the actors entitled to negotiate, the form and content of agreements, the legal effect of agreements, links to national and sectoral agreements as well as the right to collective action. Such an approach is anchored in the "partnership for change" priority advocated by the Lisbon Strategy. [Eurofound – Areas of expertise – industrial relations – European industrial relations dictionary – Collective bargaining, 2007]

### **Restructuring has made industrial relations more important in the EU - new Commission report**

Globalisation is changing the conditions in which trade unions and employers' organisations operate. New challenges, such as reconciling work and family life,

tackling stress at work and ensuring cover for new types of workers, such as part-time and temporary employees, have changed the face of industrial relations.

Despite trade union membership declining to an EU-average of 26% in 2001, some countries' collective bargaining coverage has actually increased (such as in Denmark, Finland, the Netherlands, Portugal, Spain and Sweden). This is due to higher rates of employer organisations and the extension of collective agreements to non-union workers. Most other countries have seen coverage levels remain stable at around two-thirds of workers.

The report confirms that a key recent trend in industrial relations is the decentralisation of collective bargaining meaning that negotiations are increasingly taking place at company level, rather than sector or central level.

In spite of this general trend, national industrial relations continue to be very diverse. There is no "one size fits all" solution. The degree of cooperation and coordination, based on shared understanding and mutual trust, is the central element in successful negotiations.

With more decentralisation, more coordination is necessary. Conversely, in some countries (such as Belgium, Greece, Ireland and Italy) this coordination is becoming more centralised. One example is social pacts, which can involve national governments in setting out the parameters for wage bargaining. Centralised coordination has been particularly popular in Euro zone countries, as it helps control inflation.

Increased coordination is also taking place at the European level. European negotiations, which involve representatives of European employers and trade unions, are a valuable platform for exchanging best practice. They also help address common challenges facing EU countries, such as technological change and ageing populations.

The report, which is the third of its kind following the 2000 and 2002 versions, notes increasing interaction between different levels of industrial relations in Europe and stresses that stable and reliable partners are essential in a restructuring economic environment. [European Commission – Employment, Social Affairs and Equal Opportunities – Industrial Relations in Europe 2004 Report, 2005]



## **Chapter 4 – Methodologies and Procedures Used in the Study**

### **1. Description of Methodology**

The methodology included research into the role which is supposed to be played by the social dialogue as well as its actual results. In order to do so, the author collected information on previous projects through relevant articles, so that he became able to analyze the role played by the social dialogue in the past. Apart from that, he analyzed previous projects, in order to identify success and failure indicators concerning the effectiveness of social dialogue among social partners on matters of employment.

Furthermore, measures of success were collected by historical data examination. The author collected relevant historical data from previous projects that he himself, as well as known officials, had previously worked on. Apart from that, he reviewed previous relevant projects that have been discussed and analyzed worldwide through newspapers. The author did not need the use of any particular statistical methods.

At this point, the latter considers very important to mention that, while developing the present thesis, he seriously took into consideration the stakeholders' observations and previous experience on the subject. Therefore, he reviewed and analyzed results of previous projects that he himself had worked on in order to compare current opinions on similar projects. Furthermore, it also is important to mention that general, academic and professional literature helped the author develop his thesis. Finally, trade and professional journals provided useful details about the exact information to be included in the present study.

## **2. Expectations**

What is expected to be accomplished by the present research paper is the investigation of the role of social dialogue when the latter is used in order to lead social partners to mutually accepted and viable solutions on matters of employment. Furthermore, the author expects that he has successfully revealed success and failure indicators concerning the effectiveness of social dialogue among social partners on matters of employment. Finally, he has also tried to identify the skill requirements for project managers who deal with social dialogue.

After the completion of the present research paper, the author feels able to apply:

- the role of the social dialogue in finding solutions on matters of employment and insurance
- best practices applicable to social dialogue project management and leadership
- the application of project management disciplines
- success or failure contributors regarding the social dialogue
- techniques applicable to social dialogue that could lead to mutually accepted solutions
- lessons learned.

The author wishes that with the evaluation of the data that he has collected, as well as with the recommendations that he has made through the present thesis, a training program could be scheduled and applied to his work, in order to make sure that the social dialogue between social partners on matters of employment will be more effective and able to play its actual role.

## **Chapter 5 – Results**

In this chapter the author presents the outcomes of the processes and procedures he used in developing his thesis. First of all, he will show the role played by the social dialogue in the past and, then, he will identify failure indicators using, mainly, projects that he himself has previously worked on. As long as it concerns the outcomes of the procedures and the processes described in the previous chapter of the present thesis, the following are to be said.

There are currently 27 sectoral social dialogue committees in various fields of activity. Within and with the help of these structures, the European social partners can identify and tackle a very wide range of themes of common interest. The subjects dealt with are linked both to the difficulties and the future prospects for the sectors, to questions concerning human resources or to Community initiatives likely to have consequences for the social and economic situation in an area of activity. These 27 committees have shown the way, and other joint applications to establish committees are being processed by the European Commission. In addition, some sectors are developing, within an informal framework, meetings or in-depth discussions which could also give rise to new committees. Some examples of the work of the committees are described below.

### **Agriculture and training**

A traditional sector; agriculture employs workers with a range of trades and qualifications, with skill levels often dependent upon their experience “in the field”.

The agreement on vocational training in agriculture, signed on 5 December 2002 by GEOPA/COPA (Employers' Group of Agricultural Organisations in the EC) and EFFAT [European Federation of Food, Agriculture and Tourism), illustrates

these traits very clearly and highlights the need to encourage worker mobility and to recognise the value of learning.

The agreement provides in particular for:

- involvement of the social partners in the organisation of vocational training
- the possibility for employees to draw up “skills assessments” and recognition of skills and experience “in the field”
- harmonisation in the denomination of diplomas and creation of a “qualifications and skills booklet” to facilitate greater mobility.

A monitoring clause should ensure the implementation and therefore the effectiveness of this agreement, both in the Member States and in the candidate countries; this is an important achievement for the social dialogue in the latter, given the size of their rural population.

### **Civil aviation: agreement on working time**

In March 2000, an agreement on working time for mobile workers in civil aviation was concluded by the social partners in the civil aviation sector.

Under this agreement, the number of hours worked annually is not to exceed 2000 (as against 2304 in the general directive on working time, from which aviation was excluded) and actual flying hours are limited to 900. Apart from the working hours requirement, the agreement includes a number of clauses relating to leave and to the health and safety of cabin crew.

### **Banking: lifelong learning**

A career where each person can adapt and progress, because they have opportunities to learn throughout their working life. The advantages are: for

employees, it is a guarantee of development and adaptation to the labour market; for employers, it is the certainty of being able to count on an appropriately trained and competitive workforce.

Based on the framework of actions for the lifelong development of competencies and qualifications (adopted by the ETUC, UNICE and CEEP), on 29 November 2002, the social partners signed a declaration on lifelong training in the banking sector. In it they defined four main themes:

- defining skill levels on recruitment, as well as levels of qualifications and occupational skills
- recognising and validating skills and qualifications
- providing information and assistance with regard to principles, rights and responsibilities
- promoting employment and retraining through the mobilisation of resources, recognition and validation of skills, information and awareness-raising about learning and opening up training opportunities to all types of employees.

Collecting examples of good practice, the social partners have highlighted initiatives such as the undertaking which, paraphrasing the famous slogan “if you think competence is expensive, try incompetence”, offers its employees a “skills savings plan” which aims, above and beyond the classic training offered by the firm, to encourage staff to capitalise on their knowledge.

### **Woodworking: sustainable forest management**

The dwindling of tropical forests is alarming and represents an increasing concern for all players in the sector. The uncontrolled exploitation of forests is linked

to various factors such as uncontrolled deforestation for industrial or agricultural reasons and widespread use of wood as fuel.

While commercial felling of wood for export represents only 6% of these deforestations, the social partners in the woodworking sector (EFBWW: European Federation of Building and Woodworkers and CEI-Bois: European Confederation of Woodworking Industries) still consider that “unjustified and destructive felling constitutes an irresponsible act from an ecological point of view”.

In a joint declaration, the social partners call for sustainable management of all forests, including international coordination and constructive cooperation with producer countries in tropical regions. They stress the social dimension of the problem and the need to develop jobs likely to “contribute to the well-being of the local population”. This approach would require “regional development classifying protected forests, forests intended for sustainable commercial exploitation and areas reserved for agriculture, industry and infrastructure”. In addition, in the joint declaration of 20 March 2002 the social partners asked their counterparts to respect the fundamental social rights set out in certain ILO conventions and undertook to monitor their implementation and carry out an annual evaluation.

Joint declarations by the European Federation of Building and Woodworkers (EFBWW) and the European Confederation of Woodworking Industries (CEI-Bois).

### **Personal services: conditions for motivation**

Launched by the social partners in 2001, the “Guidelines for European hairdressers” underline the need for business to have motivated, well-trained staff enjoying the confidence of customers and walking in a spirit of cooperation.

To achieve this objective, which is essential for the dynamism of the profession, the partners have defined standards for conduct. These cover a number of themes of concern to employees in the sector: wages, redundancy, health and safety problems, undeclared work, etc. Although they are recommendations, the partners intend to monitor the code of conduct under the European sectoral social dialogue.

International Hairdressing Confederation–Europe (CIC–Europe).

The International Hairdressing Union (UNI-Europa).

### **Commerce: no barrier between generations**

Age diversity: the expression is a new one. Applied to the world of work, it means that the young and not so young can work very well together and that this alchemy can be beneficial in many activities, such as the commerce sector.

The social partners, Eurocommerce and Uni-Europa, signed an agreement on voluntary guidelines on age diversity at work on 11 March 2002. Demographic trends are such that those wishing to remain active beyond the legal retirement age should be encouraged to do so. The commerce sector has a significant number of mature, experienced workers well acquainted with the needs of their customers. However, their situation is not always taken into account by human resources managers or by legislation governing flexible work. Encouraging ageing people to work also involves setting up ergonomic workplaces better adapted to their situation and targeted training.

The agreement also stresses “non-discrimination”, i.e. a neutral approach to age in the context of industrial relations (including on recruitment), training and career development.

### **Electricity: the social consequences of liberalisation**

Liberalisation will bring important changes in the levels and characteristics of employment.

At the Commission's request, the consultancy firm, Ecotec, analysed the consequences for employment of the liberalisation of the electricity and gas sectors (the effects of the liberalisation of the electricity and gas sectors on employment). Review of this document gave rise to a joint declaration from the social partners in the sector, Eurelectric, EMCEF and EPSU, who share its point of view concerning the expected social consequences and also stress the challenge that competition from the candidate countries represents for this large liberalised sector.

The social partners also explore together ways of restricting the social impact of restructuring (particularly the redeployment of staff and opportunities for lifelong learning). Finally, they undertake to analyse the particular consequences for women's employment.

### **Temporary workers: equal rights**

In a 13-point proposal, the partners recommend abolition of all or part of the differences in treatment between temporary workers and staff employed by the user undertakings, respect for trade union rights and labour legislation and access to training.

With a view to finding a balance between the protection of temporary workers and the development of the companies employing them, the social partners suggested in this proposal that the European Commission take into account certain objectives and guidelines for drafting its proposal for a directive on temporary work, announced following the breakdown of negotiations on a framework agreement at cross-industry



level. This declaration also recognises that recourse to temporary work is a means of improving employment opportunities, particularly for certain specific groups disadvantaged, for example, in terms of training.

Euro-CIETT, UNI-Europa, October 2001.

### **Fisheries: reaction to reform of the common fisheries policy**

The Commission's Green Paper on the future of the CFP (Common Fisheries Policy) was published in 2001 and the debate on the reform of this sector, presented by the Commission, is far from over.

The social partners adopted a position on 22 November 2002 on the action plan presented by the Commission for monitoring the socioeconomic consequences of the ongoing restructuring. In their view the plan had weaknesses, and the partners deplored the lack of a true social aspect to the CFP. The partners proposed in this regard a series of measures to be carried out using a European legal framework. They relate in particular to training, sustainable employment objectives, compensation linked to loss of income, particular measures concerning work by women, health and safety, the modernisation of vessels, combating flags of convenience and illicit practices, retirement conditions, etc.

Europêche (Association of National Organisations of Fishing Enterprises in the EU); Cogeca (General Committee for Agricultural Cooperation in the EU); FTF (European Transport Workers' Federation).

### **Postal services: equal opportunities**

The brochure, which very specifically sets out equal opportunities in the postal sector, collates a series of good practices from various European countries which only need to be followed.

In the Grand Duchy of Luxembourg, flexible working and opportunities for teleworking enable some employees to reconcile more easily their working and private lives. In Spain, measures are taken to avoid penalising pregnant women and, in Germany, a “return” programme facilitates the reintegration of employees who have taken a career break for family reasons. Programmes aimed at integrating disabled people have been implemented in France and Greece (where partially sighted switchboard employees benefit from voice computers). Other projects relate to the employment of ethnic minorities, assistance for workers with drug problems, accessibility of management posts to women, etc.

Equal opportunities in the postal sector - Good practice, 2001

ISBN 92-894-0617-8

Publications Office 2001

### **Private security: harmonising legislation**

High quality standards and a high degree of professionalism. On 13 December 2001, CoESS and UNI-Europa asked the European institutions to take the measures necessary to ensure that, in all countries of the Union, the private security sector was governed by legislation intended to ensure high quality standards and a high degree of professionalism.

The partners called for European harmonisation on a number of points. Authorisations to practice granted to agents and the award of licences to undertakings

should respond to a minimum European framework. This would constitute “a precondition for complying with the commercial, financial, social, moral and ethical rules imposed on an undertaking. Basic vocational training, demanded throughout Europe, would prevent some distortions of competition due to excessive differences between national legislations”. This joint declaration underlines other elements deserving of European harmonisation, such as health and safety, working conditions, cross-border services, etc. These European standards should of course be applicable in the candidate countries.

CoESS - European Confederation of Security Services

UNI-Europa

### **Railways: employability**

What does employability mean? This is the question posed by a report published in November 2001 by a working party from the sectoral social dialogue committee for the railways sector on the basis of a survey carried out among a number of European companies (SNCF, DB, FS and RENFE).

In the report, employability is presented as a process of reorienting human resources to meet new requirements deriving from the restructuring and liberalisation of the railways sector. These requirements relate to customer-friendly quality policy and require a change of philosophy and business culture. Such a change involves individual training and opportunities for development. Employability offers a real chance for strategic reorientation, but it must still be understood and accepted by all, management and employees.

### **Telecommunications: discussion group on teleworking**

In February 2001, the social partners in the telecommunications sector concluded the first agreement on teleworking at European level.

This document, entitled “The guidelines for teleworking”, establishes a principle of equality - of rights and obligations - between those working at home and those working in the undertaking. The partners set out the new opportunities offered by distance working: organisational flexibility, job creation in isolated regions, improved balance between working and private life, integration of disabled people, etc.

A year and a half later, monitoring of the implementation of this agreement by means of a survey carried out in undertakings shows that a number of European companies now have various tools available for using teleworking and have developed a true strategy on distance working. Since there is no legal instrument at this level in the various Member States, teleworkers currently work on the basis of specific agreements concluded with their employers.

UNI-Europa

ETNO

### **Road transport: cross-border drivers**

An increasing number of international transport operators used drivers from third countries for transport operations carried out within the Union, applying the – less favourable- social conditions for their country of origin.

This dumping results in unfair competition. The Commission has already responded to this situation with the hope that a European directive will lay down that the salary conditions applied should be those of the country of origin of the transport

operator. A joint opinion from the sectoral social dialogue committee on road transport stresses that the Commission, the European Parliament, the Council and the Member States should take without delay the measures necessary to put an end to the illegal employment of drivers and to working conditions which fail to meet Community standards. One effective way of combating these illegal practices would be for the partners to enable monitoring of the occupational status of all drivers by means of an authorisation which the driver should carry when driving a lorry registered in the Union.

Joint opinion of the sectoral social dialogue committee on road transport in the EU on drivers from third countries driving vehicles registered in the EU and engaged in intra-Community road transport

IRU (International Road Transport Union)

EFT (European Transport Workers' Federation).

### **Construction: stopping industrial accidents**

In December 2002 the social partners, FIEC and EFBWW, jointly drew up a technical guide to good practice in coordinating health and safety for the use of small and medium-sized undertakings.

The aim of this publication is to make all players in the sector, from technician to architect via site manager or subcontractor, aware of the basic rules to follow on construction sites. With many drawings, diagrams and photos to illustrate situations, the guide is intended to teach and to be ergonomic, as it will be distributed on paper resistant to water and rough handling. Thanks to a digital version, user undertakings will also be able to adapt it to their specific needs and update it on an ongoing basis.

[European Commission Directorate – General for Employment and Social Affairs

Directorate D. European Communities 2003, 2002], [Europa – Activities of the European Union – Summaries of Legislation, 2007], [European Trade Union Confederation (ETUC), 2002], [European Trade Union Confederation (ETUC), 2003], [European Trade Union Confederation (ETUC), 2004], [European Trade Union Confederation (ETUC), 2005], [European Trade Union Confederation (ETUC), 2006].

After having thoroughly examined the effective role played by the social dialogue among the social partners on employment matters in the past, the writer tries to identify failure indicators using relevant data from previous projects that he himself as well as known officials had previously worked on.

## Chapter 6 – Discussion, Conclusions, Recommendations

What the author mainly concludes is that in most of the cases that the social dialogue among the social partners on employment matters failed to reach to viable solutions, the most serious mistake made was that the whole procedure was not considered as a project. That happened because project management literature is traditionally aimed at the business community, with little focus on city, civic and community groups. As a result, in the majority of the cases in which social dialogue among the social partners on employment matters failed to reach to viable and mutually accepted solutions, little sharing of best practices between business and community groups existed.

In this chapter, the author advising an operational study for the Social Dialogue Mechanism will try to set the organizational structure through which the social dialogue mechanism will function. In other words, the latter hopes to develop an informal dialogue mechanism, in order to help social partners to collaborate on a well-organized base. The study referred above has already examined the requirements of different social groups, operational specifications, knowledge and decision-making mechanisms and finally organization and management issues associated with that. In general, the structure described below will be adopted.

*Social Groups and Their Needs for Dialogue.* The purpose of this unit is to describe requirements for dialogue within and between different national social groups.

*Knowledge Management and Decision Making Mechanisms.* This unit discusses the principles of knowledge management and decision making mechanisms.

What should be mentioned at this point is that social dialogue is defined to include all types of negotiation, consultation or simply exchange of information

between social partners on issues of common interests relating to economic and social policy. Practically, it is the main mechanism through which social partners can discuss the topics that concern them, exchange aspects and find the most suitable solutions even in an informal level, which should precede collective bargaining.

On the other hand, contemporary enterprises face various changing conditions such as globalization, trade recession, new demands on the products' and services' quality, and exponential technologic development. In order to meet the market's needs enterprises have to make frequent changes that affect among others the labor conditions.

Informal social dialogue should form the basis for the development of a mechanism, which will focus on problems, collect opinions and propose solutions in order to facilitate the procedure of social dialogue. Discussion of problems that arise from change procedures usually before collective bargaining, can lead to a successful negotiation and accelerate solutions.

### **Social Groups and Their Needs for Dialogue**

#### *Description of National Social Groups*

The informal social dialogue mechanism will operate with the active participation and interaction of a wide spectrum of national social groups that would be able to exchange ideas, build networks and share knowledge on different issues and problems.

More specifically, the informal social dialogue mechanism will target the following national social groups:

- Employees. This social group is further decomposed to individuals and unions of employees. Individuals must create an internal network between them in

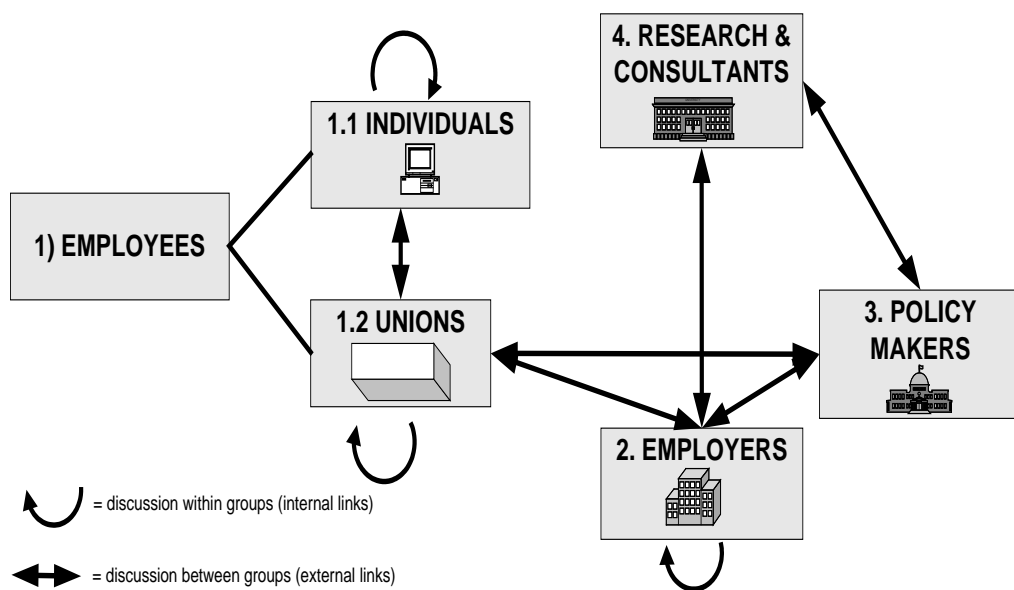


which they can discuss issues and problems concerning their working environment. Accordingly, these issues and problems must be presented to their unions and syndicates for the purpose to defend and consult them. Therefore, a second internal network between individuals and unions or syndicates must be created to discuss relevant problems. Unions or syndicates for the purpose of advising individuals accurately must get informed and be up-to-date on relevant subjects. Thus, they must build strong external networks and links to other national and social bodies, organizations, employers, researchers, consultants and policy makers.

- **Organizations and Employers.** This social group involves organizations and employers interested in discussion areas such as financial indicators, profitability, management practices and mostly areas concerning implementing change in their business as response to market and technology evolutions. Therefore, this social group is interested in creating external networks with unions, researchers, consultants and policy makers as well as internal networks among others employers.
- **Policy Makers.** The local and national authorities also need sharing rich instructive information that could help other social groups to design their strategy. To this end, a necessity of an external social dialogue network that will allow the discussion of several issues between researchers, consultants, employers and union comes into sight.
- **Research Community and Consultants.** This social group involves researchers of the change management domain, working either for the academic or the business community, as well as consulting firms providing support in change management projects initiated by their business customers. Therefore, the

need of an external dialogue network between employers and policy makers is emerged. This mechanism will contribute in exchanging ideas to several issues as well as solving critical problems between them.

The figure presented below (Figure 1) shows the social group's networks (links) at a national level. In more details, it shows how the information flows within and between the different social groups by creating four external and internal networks (links).



**Figure 1.** Social Groups Network

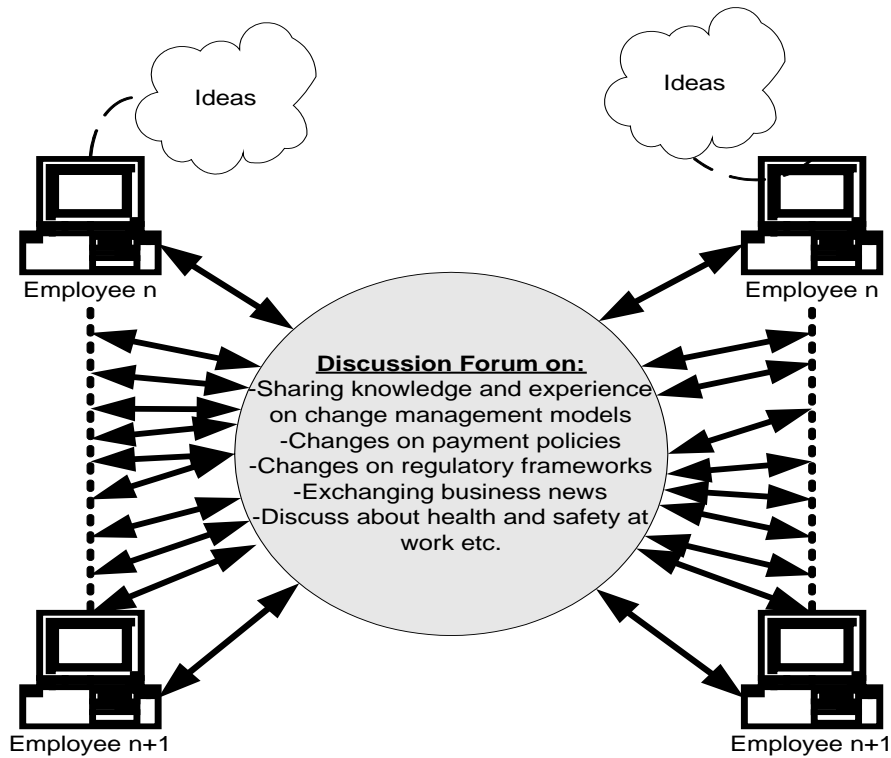
The way that discussion is developed and spreads between and within the social groups determines the speed with which groups can act and plan their future activities. In particular, internet has become the predominant means of communication in the information society. It pervades employees, employers, policy makers and research consultants to exchange knowledge and as such it is a highly relevant place for social networks. Internet has been established as an indicator of collaboration and knowledge exchange and provides the opportunity for personal or group communication in electronic forums.

Since individuals tend to organize both formally and informally into social groups based on their common activities and interests, the way information spreads is affected by the construction of the interaction network. Thus, the way that an electronic forum is developed and set up determines the success of its operation.

#### *Requirements for Dialogue within a Group*

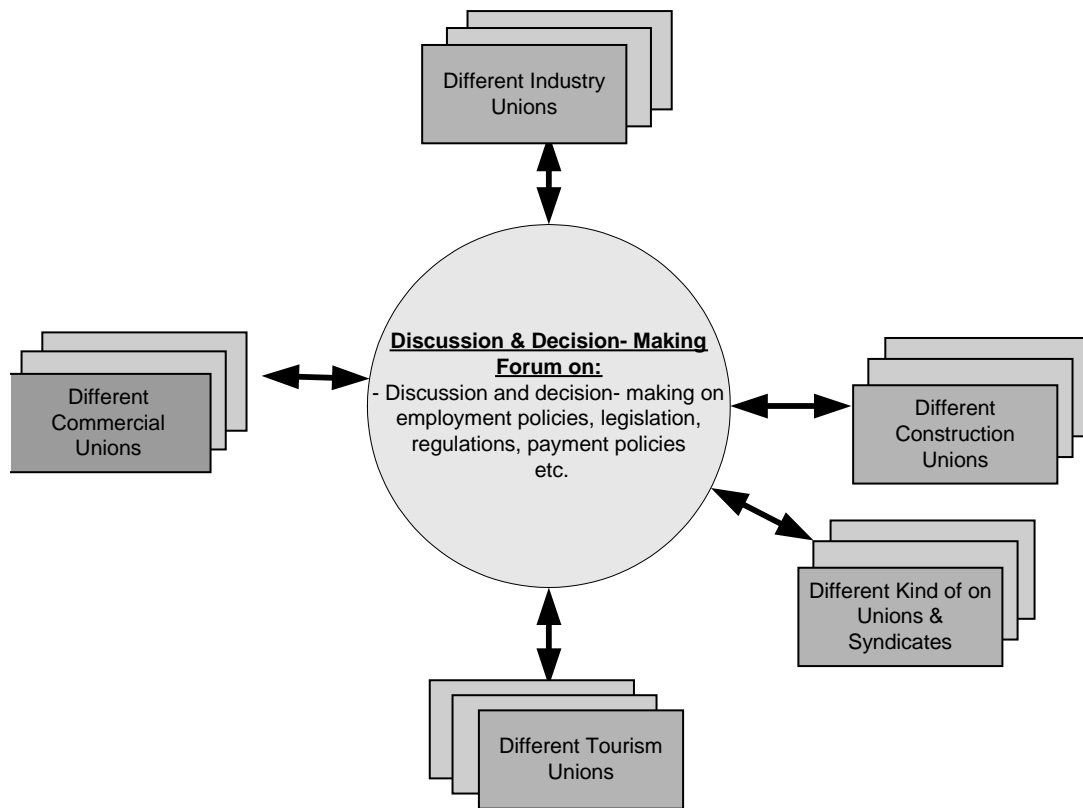
The requirements for dialogue within a social group, illustrate the internal networks (links) that have already been presented in Figure 1. These internal links within the social groups are the following:

- Individuals as a social group. Employees will have the opportunity through the social dialogue mechanism to discuss on different ideas and aspects that may occur concerning their working environment. They will be able to share their knowledge and experience that will help them to improve their status at work. The employee's discussion forum in this level will be a place that they will be able to discuss and exchange information on ongoing contract negotiations, business news, market data, economy analysis, changes on payments policies, health and safety at work and access to training. One of the main advantages that a forum can encompass is that individuals through this mechanism can address their problems and requests to their representatives and their unions. Figure 2 shows how employees enter to a common place, the discussion forum, in order to share and discuss their ideas.



**Figure 2.** Discussion within Individuals

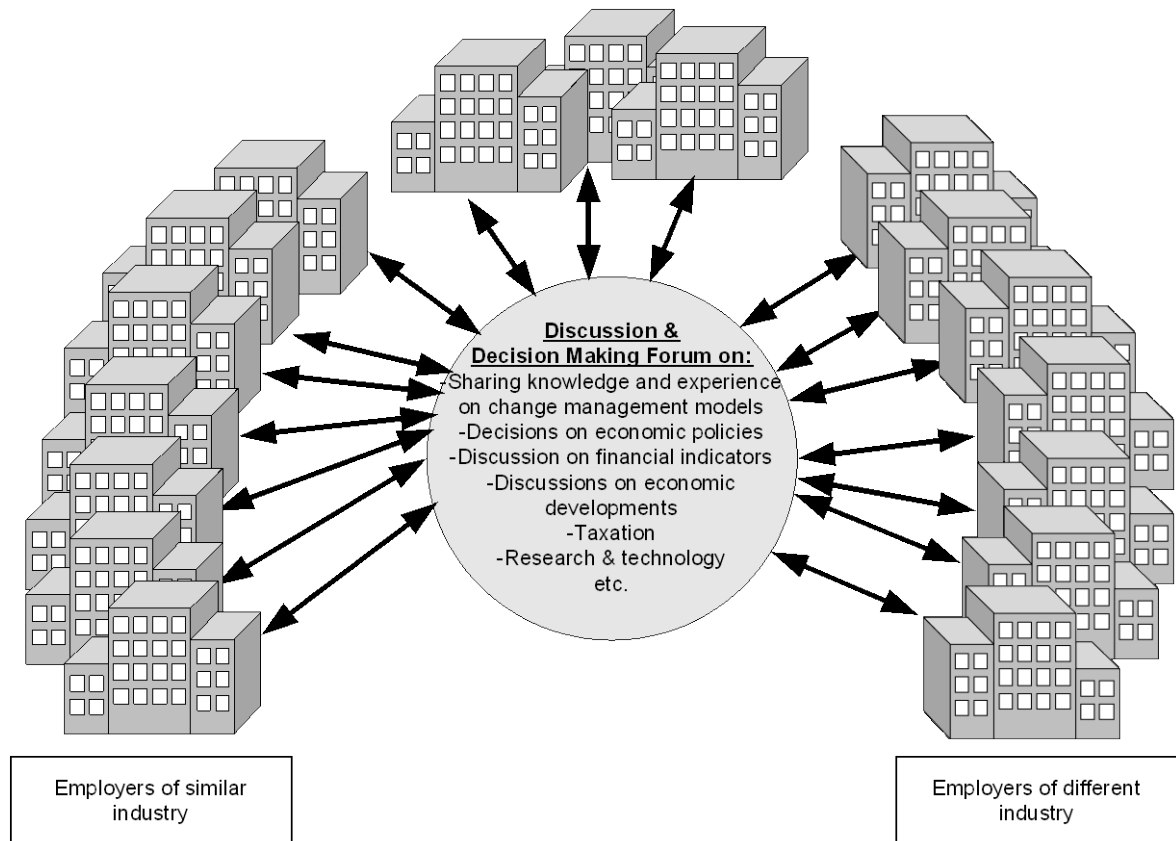
- Unions as a social group. This group should be informed with all the relevant data on changes on employment strategies, legislation, regulations and payment policies. The dialogue within different unions and syndicates will allow them to share existing and new knowledge, in order to create a more complete picture of what kind of changes evolve in the industry. This way, the internal dialogue between the employees will be effective since it will provide them with accurate resources and answers to different problems. Figure 3 shows how data flows from the different unions into a common place in which they discuss, make decisions and solve problems.



**Figure 3.** Discussion within Unions

- Employers as a social group. An informal forum bringing together executives and chairmen of major national companies covering a wide range of industry and technology issues will be of great value. Employers of different industries such as tourism organizations, constructions organizations and commercial firms are interested on the economy progress, since it is that that reflects their profitability. Also, they are interested to discuss about the latest managerial practices, synergies between the employer's strategy, coordination of macroeconomic policies, decision-making on economic reform process, overview of financial indicators, investments, competition policies, competitiveness, environment, industrial relations and social policies, accounting standards, taxation, research and technology and export controls, or

even discuss issues about implementing change in their business as a response to market and technology evolutions. Figure 4 that is presented below shows the ways that employers of different and similar industries share their knowledge and make decisions in a common place, the informal dialogue forum.



**Figure 4.** Discussion within Employers

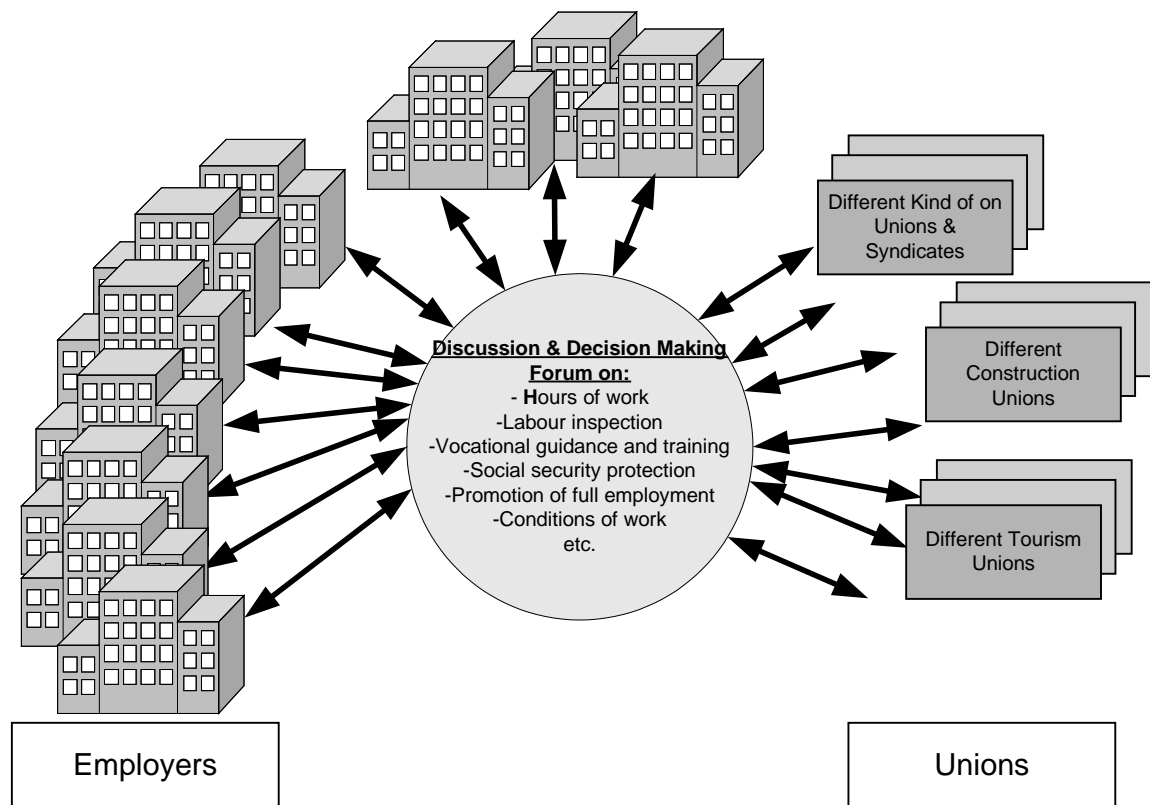
When trying to achieve an efficient discussion within a social group, an important issue is the existence of a common goal. Shared goals are often highlighted as being key elements in the establishment of effective groups. In fact, the literature seems to take for granted that shared goals exist in virtual groups. For example, Lipnack and Stamps (1997, p.7) define virtual groups as “a group of people who interact through inter-dependent tasks guided by a common purpose”. Through the creation of shared goals, groups of people have a shared commitment (Handy, 1995)

and a common motivation. These groups exist for some task-oriented purposes, and therefore orientation to task is what distinguishes them from other types of groups (Lipnack and Stamps, 2000). Consequently, another important cooperative relationship is the establishment of trust within the members of the group. Trust presumes that roles are clear and that each member has a clear understanding of other's roles and responsibilities.

#### *Requirements for Dialogue between Groups*

The requirements for dialogue between social groups, illustrate the external networks (links) that have already been proposed in Figure 4. These external links between the social groups are the following:

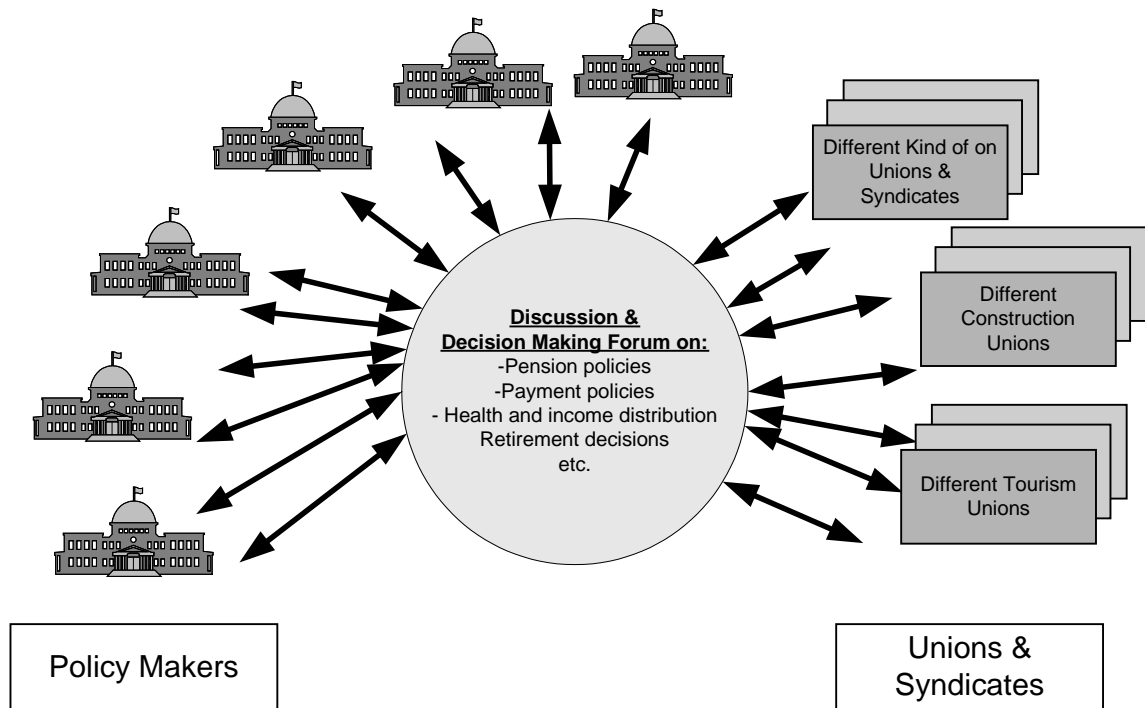
- Dialogue between Employers and Unions. The purpose of this discussion group is that workers will have an equal voice compared to that of employers' in formulating policies. Since unions and syndicates represent the employees voice to employers, it is crucial that employers listen what the workers have to say, so that they will both be able to improve their position in the market. The main areas of discussion between unions and employers deal with matters concerning hours of work, labour inspection, vocational guidance and training, social security protection, occupational health and safety, working conditions, promotion of full employment, management development and employment planning and promotion.



**Figure 5.** Employers' – Unions' Discussion Forum

- Dialogue between Policy Makers and Unions. Policy makers and unions have various subjects to discuss and receive decisions on. Some of the most important issues are reforms of the pension system, payment policies, health and income distribution, productivity, employment, retirement decisions and lack of legislation. The development of informal forum, providing timely information to unions and policy makers on trends such as the pension system, payment systems, pension outlays and general employment decisions must be seriously considered. Figure 6, presents this informal discussion forum between policy makers and unions.

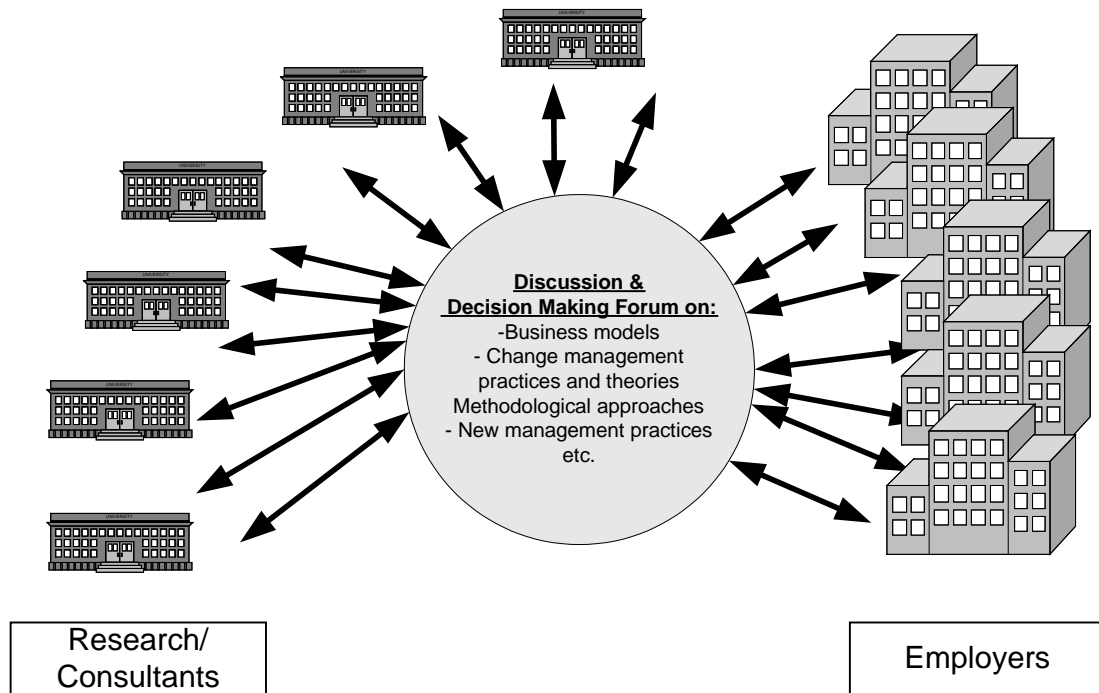




**Figure 6.** Policy Makers - Unions & Syndicates Discussion Forum

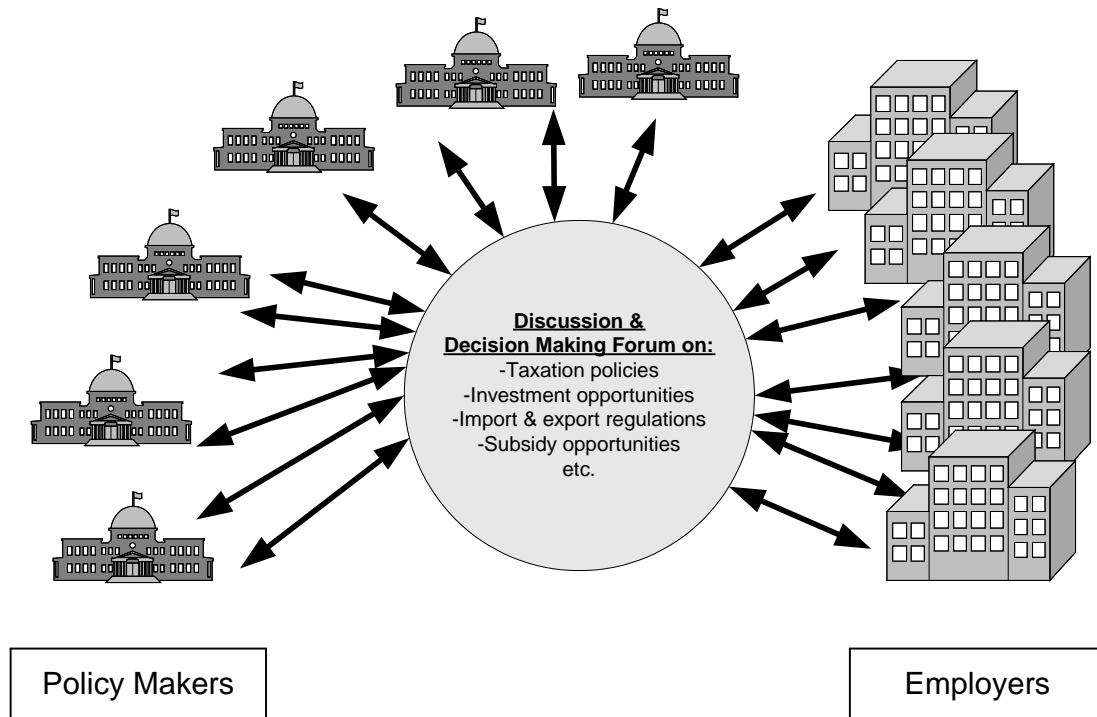
- Dialogue between Employers and Research and Consultants: Employers and research and consultants have many issues for discussion. The latter provide their knowledge, their vision and their experience in order to help employers manage constant change. At a time where business functions, operational practices and technology are experiencing rapid and ongoing change, diversification and improvement, the coupling of academic and consulting knowledge, practical expertise and solid methodologies to tackle real business problems becomes an undeniable necessity. On the other hand researchers and consultants look forward on cooperation and discussion with employers in order to solve real problems that employers face and collect data for qualitative and quantitative research. The areas that are mainly into consideration for dialogue between these two groups are business models, change management practices and theories, conferences dealing with managerial issues, methodological approaches, consulting projects, advises

and critical discussion on managerial reports. Figure 7, shows how a dialogue can be developed into a common place, the informal forum, in which decisions can be taken.



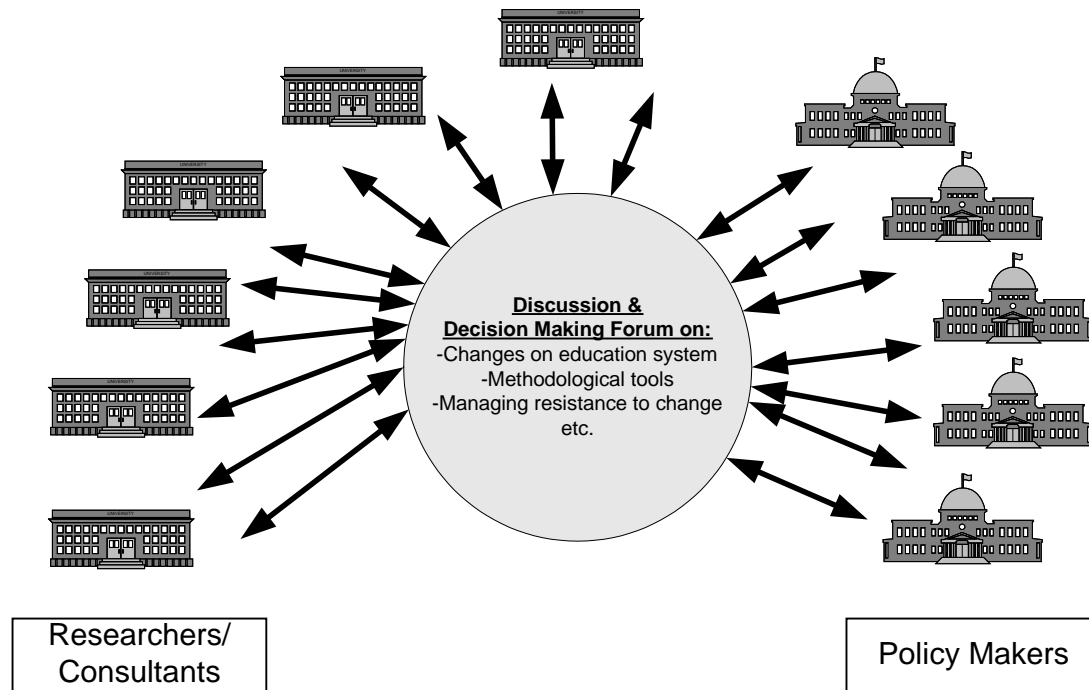
**Figure 7.** Research Consultants – Employers Discussion Forum

- Dialogue between Policy Makers and Employers. Policy makers, governments and employers, are interested in discussing and exchanging concepts on changes concerning taxation policies, investment opportunities, import and export regulations, opportunities to receive subsidy, industry and market growth, financial and regulatory policies, employment directions, social policy frameworks and environmental impact policies. Figure 8 presents the informal forum where these groups interact and gain the opportunity to discuss and exchange information in order to receive more accurate decisions.



**Figure 8.** Policy makers – Employers Discussion Forum

- Dialogue between Researchers and Consultants and Policy Makers. The dialogue between these two groups can be developed on issues concerning changes on the national educational system. Discussion can focus on sharing ideas and news, exchanging information on other educational systems abroad and also proposing methodological tools for managing changes on education. Also, researchers can provide policy makers their expertise on decision-making processes, change management issues, crisis management, managing resistance to change, conflict management and theories and models of change management in order to effectively manage change in any other field. Figure 9 shows the discussion and decision making forum between researchers and consultants and policy makers.



**Figure 9.** Researchers/Consultants – Policy Makers Discussion Forum

### **Knowledge Management and Decision-Making Mechanisms**

The development of strategy is usually a complicated and ill-structured task undertaken by a group of managers representing diverse functions. As such, the associated issues may be better addressed through argumentative discourse and collaboration among the individuals involved, the aim being to accommodate different views and knowledge through a process of considering alternative and, possibly, competing or even conflicting problem interpretations, interests, objectives, priorities and constraints. Thus, a need for a tool that permits gathering and managing knowledge possessed by different individuals and groups and assists in decision making. The following sections discuss some principles to which knowledge management and decision making systems should adhere with the ultimate purpose of feeding the design of the Informal Social Dialogue Mechanism.

*Knowledge Management Cornerstones and Applications*

For more than a decade, management thinkers have heralded the arrival of the new information economy characterized by globalization, increased complexity, and rapid change. Underlying many of these prescriptions is the need to explicitly manage the intellectual capital and knowledge, either tacit or explicit, of diverse individuals and groups.

Currently, although there is much heat in the knowledge management field, there is very little light. Widespread lack of understanding exists about how to implement knowledge management effectively, or even what it is. Hereinafter, the writer provides a widely accepted definition of the Knowledge Management concept: “Finding out how and why information users think; what they know about the things they know, the knowledge and attitudes they possess, and the decisions they make when interacting with others.”

There are several criteria according to which one can divide and analyze both the knowledge and the knowledge management concepts in order to develop better understanding of them.

- The complexity of the knowledge. This refers to the degree to which the knowledge can be easily understood and communicated to others. All knowledge exists on a continuum between tacit and explicit knowledge. The primary challenge when facing explicit knowledge is to manage its volume and ensure its relevance. For tacit knowledge, however, the challenge is to formulate the knowledge into communicable form in the first place. Knowledge-based strategies must not focus on collecting and disseminating information, but rather on creating a mechanism for practitioners to reach out to other practitioners. Such mechanisms, like

communities of practice, have special characteristics. They emerge of their own accord: a number of people find themselves drawn to one another from a force that is both social and professional. They collaborate directly, use one another as sounding boards, and teach one another. They are built on a bond of obvious trust: a keyword for any knowledge-management solution. Communities of practice are of two categories; informal and formal. On the one hand, informal communities of practice usually rise up around social connections and common interests, can be both functional and cross-functional, and they are the most common type, since they grow on their own. On the other hand, formal communities of practice develop as an outgrowth of empowered teams, and tend to be cross-functional, because they reflect team composition.

- Applications and technologies of Knowledge Management. Knowledge-management solutions can be reduced to combinations of four functions, characterized by the type of connection each maintains. These functions or applications are known as Intermediation, Externalization, Internalization, and Cognition.

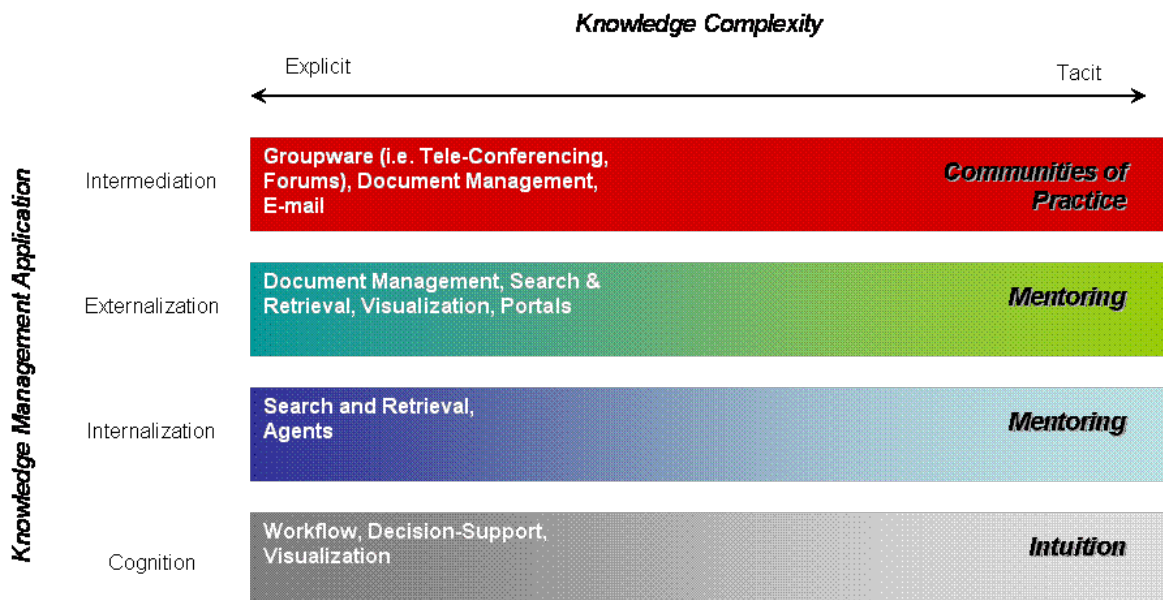
*Intermediation* is the connection between knowledge and people. Intermediation refers to the brokerage function of bringing together those who seek a certain piece of knowledge with those who are able to provide this piece of knowledge.

*Externalization* is the connection of knowledge to knowledge. It refers to the process of capturing knowledge in an external repository, and organizing the knowledge according to some classification framework or ontology. A map or structure of the knowledge collection is provided.

*Internalization* is the connection of knowledge to query. It is the extraction of knowledge from an external repository, and its filtering to provide greater relevance to the knowledge seeker. Closely tied to an externalized knowledge base, internalization reshapes the knowledge base specifically to address the focal point of the query issuer.

*Cognition* is the linking of knowledge to process. Cognition provides users with the ability to make quick and spontaneous connections between separate pieces of knowledge by using visual tools for navigation through a complex body of knowledge. The result is the creation of new knowledge – the ultimate goal of knowledge management.

The figure that follows illustrates how some commonly used technologies implement the aforementioned knowledge management functions. All the technologies are positioned on the explicit side of the diagram, while the solutions listed on the tacit-side are all human-based.



**Figure 10.** Technologies for Knowledge Management Applications

*Decision Making Process and Decision Support Systems*

In general terms, but in particular in an industrial setting, the decision making process consists of finding a series of actions which will lead to a desirable outcome and preferably to the most desirable outcome. From the definition alone, it is clear that the decision making process must involve at least, finding a set of possible outcomes, allocating to each possible outcome a degree of desirability, and choosing one which is at least as desirable as the rest. Adding to this the need to gather information and the desire to validate decisions after they have been made, the decision making process includes five steps:

- (1) gathering information
- (2) finding an exhaustive set of possible outcomes
- (3) allocating to each of these a degree of desirability
- (4) choosing one which is at least as desirable as the rest
- (5) validating the choice.

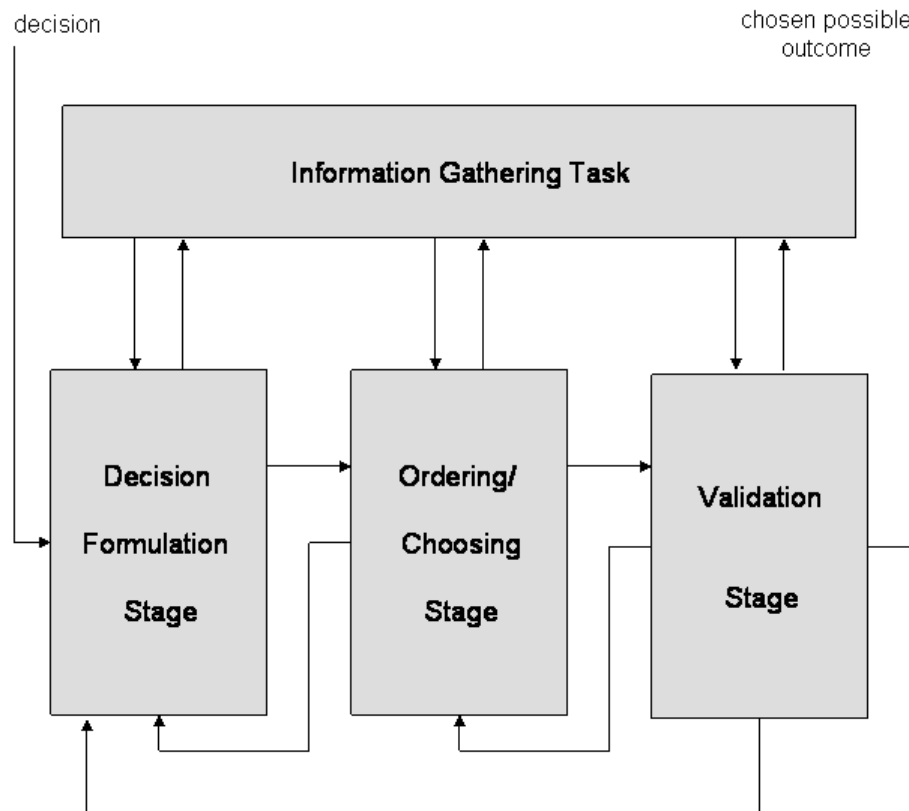
The prospect of a Decision Support System (DSS) is aiding the decision making process. A formal non-technology definition of DSS is as follows:

*“A methodology, embodied in an organized group of people and machines, which is designed to assist, but only in a secondary role, one or more members of the organization to express a preference for one action amongst the many which could be taken where at least one of those actions involves embarking on a sequence of events whose outcome cannot be precisely determined”.*

The above definition encompasses support for all type of decision. It is also true that the machine part of a DSS should take a subordinate role in assisting the people to settle or resolve issues with the added dimension or risk and uncertainty.



Figure 11 portrays, in a very general manner, a possible structure for supporting a decision. Providing a set of methods to plug into the various boxes/stages, someone can come up with a feasible Decision Support System.



**Figure 11.** Diagram of the Decision Making Process

- The Information Gathering Stage. The group or individual in charge for gathering information may have two tasks to perform, one being the actual retrieval of information and the other being a browser-like task which will assist users who do not have a precise definition of the information they seek. It would also benefit from a third task, namely forecasting. Forecasting is simply an attempt to get information which is not yet available. The information gatherer, when faced with a request for future information, would

gather historical and current information and, with the help of the user, would predict values for the future.

- The Decision Formulation Stage. The first step in making any decision is to establish that the problem behind the decision is being properly addressed. In the business world, this point is easier to illustrate. Consider a company where productivity is low due to low morale amongst its workers. If the management is trying to decide whether or not to buy new machinery in order to improve productivity, it is unlikely to be addressing the correct problem. The initial assistance given by a Decision Support System to structure a problem should discreetly prompt the user to check that the decision is well-founded before proceeding to the next step.

The second step is to decide whether or not the decision is comprised of sub-decisions. Once we are certain that the decision can be further subdivided, we can continue doing so, until no more subdivisions can be identified. An effective starting point for subdividing decisions is the Critical Success Factors analysis. An approach like this would be relatively easy to set up on a computer. The Critical Success Factors should, either directly or indirectly, lead to the identification of sub-divisions. Each sub-division should have Critical Success Factors defined for it and then be examined to see if it, too, is comprised of sub-decisions. Eventually, a collection of small indivisible decisions will be obtained. A set of all possible outcomes for each of these decisions must then be acquired. Once the user has a list of all possible outcomes, the most desirable one must be chosen but, in any particular situation, some if not all of the possible outcomes will involve risk or uncertainty.

- The Ordering/Choosing Stage. Once the possible outcomes for a decision have been identified, the next step in making the decision is to sort them into an order determined by their potential pay off. Whether the decision is structured or unstructured requires a different way in which we can choose between the possible outcomes, namely quantitative and qualitative ways. A structured decision can be made either way. Unstructured decisions, however, will have to be made qualitative since, by definition, they lack the properties which allow them to be formulated in a quantifiable way.

The output of this stage is an ordered set of possible outcomes. If the set of possible outcomes can be assessed in terms of a single measure, e.g. money, then the Ordering/Choosing stage is a trivial sorting procedure. If, however, the possible outcomes are being assessed using several measures, more complex sorting methods are required.

- The Validation Stage. This stage should take the ordered list of possible outcomes and attempt to validate the first possible outcome on the list using one of the three following methods; implementing the decision and observing the consequences, simulating the consequences of implementing the decision, and testing the sensitivity of the decision. A user may wish to use any combination of these three.

If the first possible outcome in the incoming set of possible outcomes is rejected, then the entire list must be returned to a previous stage, so that the reason for rejection can be included in the considerations for a new ordering of the set of possible outcomes. The list of possible outcomes will cycle round the Validation Stage and the Ordering/Choosing Stage until an acceptable

possible outcome is found. [European Union – European Social Fund Article 6 Innovative Measures, 2006]

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