

Business and Welfare. Preferences and collective action in Europe

BAWEU

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Final Report

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1. Introduction

The European Social Model (ESM) has been able to achieve socially inclusive economic growth. A good part of this success is tied to a crucial socio-institutional tool and practice: social dialogue, with a robust and lively participation by workers and their trade unions' representatives as well as by companies and their associations, although with relevant variations among EU member states. In recent years, several factors have been putting this model under pressure. The EU has decided to re-launch the ESM, as it has been stated in several official documents and statements (the European Pillar of Social Right among them).

In this scenario, it is of fundamental importance to understand employers' preferences, positions and their political collective action - in interaction with trade unions and governments - on the welfare state and its reform. The present project has two main goals:

1. To better understand business' preferences toward social policies and how they are changing in a post-industrial and global economy.
2. To better understand how the role of employers' associations (EAs) is evolving in expressing and representing employers' preferences and forging their own positions in the EU and national welfare reforms.

To frame these two main research goals, it is useful to recall Lasswell's definition of politics as *who* gets *what*, (*when*,) and *how*. As suggested by Culpepper (2016), applying this definition to our research field implies answering the following set of questions.

The 'who' question: what is the structure of business in contemporary Europe? What characteristics have companies in Europe (in terms of distribution among different economic sectors, size, type of workers employed, etc.)? How much do these characteristics change among countries?

The 'what' question: what are employers' preferences and positions over social policy? Do they change among different policy fields and across countries? Employers' preferences are the same as in the past?

The 'how' question: quoting Culpepper (2016), this question has to do with the strategies employers and EAs set to be part of the welfare policymaking process. In this respect, several questions rise. What is nowadays the role of employers' individual but also of collective action in this respect? What is the role of multinationals and companies active in global value chains? What is also the role of small employers and self-employed (Beramendi et al. 2015)?

The present report summarises the main findings of BAWEU (Business and Welfare in Europe) project. The project has the goal to collect evidence on the changing role of employers and their organisations, their preferences, position, and behaviour (engagement/involvement) in the debate on welfare reforms, and the strategy employers and their organisations have set to have a say in social policymaking.

The report is structured as follows. Section two provides a literature review of the role of employers in welfare policies, in relation to the "who", "what", and "how" questions mentioned above. Section three proposes the key hypotheses at the core of the research. Sections four to six test the hypotheses mentioned in the previous section. For that purpose we use information collected throughout the project through desk research; the survey we carried out to collect information on the position of large enterprises; and the five country reports on Denmark, Germany, Italy, the Netherlands and Slovakia. The latter add evidence for the analysis of employers' organisations and their engagement/involvement in the welfare state. Section seven provides some concluding remarks on the three big questions at the core of the project.

2. Brief Review of the Literature about the three research questions at the core of the project

Employers' and employers associations' preference/position towards social policies is influenced by structural factors (e.g. the contours of the organizational and institutional environment) and agency. Business preference formation should thus be regarded as a complex and endogenous process. Beside paying attention to institutional factors as their proximate causes, further research might take into account two distinct *caveat* that are to be kept in mind: (i) the actors' own «sense-making» endeavour as distinct and interconnected to their «interest-seeking» activities (Munnich, 2011); and (ii) the role played by strategic behaviour - i.e., the difference between businesses' policy *preferences* and *positions* (Pancaldi, 2012).

Moreover, business associations' behaviour should not be assumed *ex ante* (let alone derived from individual firms' preferences). Instead, it should be interpreted in the light of both the intra-businesses cleavages and the process of preference formation.

In what follows we propose a framework that aims at shedding lights on the employers' preferences, positions, and strategies on the welfare state. The first step in our analysis is dedicated to review the literature on the 'who' question, the 'what' question and the 'how' questions introduced in the introductory section.

2.1 The “who” question: employers and their associations

As rightly stressed by Pavolini and Seeleib-Kaiser (2020), many factors shape employers' attitude about the welfare state. Mares (2003) – among others – has listed the main factors that may contribute forging the employers' policy agenda: the firm size; the type of workers' skills needed by the enterprise; and the incidence of social risks among their employees. Mares argues that firms with a) a high incidence of risk, a small size, and low skills should prefer “universalistic” social policies; b) a low incidence of risk, a small size, and low skills should opt for no policy at all; c) a high incidence of risk, a large size, and high skills should prefer “contributory” social policies; and d) a low incidence of risk, a large size, and high skills should prefer “private” social policies.

The issue is getting even greater importance in its interaction with broad macroeconomic dynamics, that may affect the European political economies. The first change to look at is de-industrialization and technological change. These trends tend to reduce firms' need for medium-skilled workers (usually defined as workers with “specific skills”), while the labour market is increasingly polarized/dualized between workers in high (often export-oriented) and low (often offering services for the internal market) productivity industries, reducing employers' incentives to cooperate. The second change we refer to is the further internationalization of production (hence an increasing relevance of foreign actors and resources within national borders), and the global tendency towards further concentration of ownership (or capital centralization), which has been showed empirically in recent studies such as Brancaccio et al. (2018) and Brancaccio et al. (2019). These trends affect different elements of our economies and business preference and employers' attitude in welfare state politics (Martin & Swank, 2012; Nelson, 2013).

2.2 The “what” question: old and new typologies used to define employers’ preferences

Once we figure out who are the employers we want to analyse, the consequent step in our research is to define and check their own attitudes on welfare reforms. Usually concepts like interests, preferences, and positions are treated as synonymous. Yet they have a different meaning (see Pancaldi, 2012).

Actors’ interests (and ideas) are at the highest level of abstraction. They are about the ideal view of actors about what is good or not for them. Broad interests can be attributed to social and/or political groups; and/or disaggregated into more specific interests of smaller groups.

As for policy preferences, scholars refer to the concrete manifestation of ideal interests that refer to courses of action. While interests are related to material conditions and/or normative attitudes (in this case we talk of ideas), preferences have a cognitive content. They are based on some link between a problem and a solution. Preferences are at a lower position in the ladder of abstraction.

Eventually, policy positions are a strategic concept. They are the result of the aggregation of different preferences within a certain collective actor, and the result of the interplay between different actors (e.g. employers’ associations versus trade unions) in the policy arena.

The BAWEU project is interested in the definition of business preferences and positions (the types we propose in the following refer in fact to both preferences and positions) on welfare reforms as a result of strategic factors, which are in turn influenced by structural variables. In fact, business strategies are affected by the (changing) economic and business structure which varies across the varieties of capitalism (Morgan and Ibsen 2021). As we shall see, in this regard it is particularly relevant to investigate the degree of (dis)organization and coordination of business in terms of unity and fragmentation (Mach et al. 2021). Therefore, we assume actors’ preferences are the result of their position in the political economy (both in the economic system and in the social dialogue and welfare institutional context). Then actors define their position on the base of their own strategies to interact with the State and the unions.

But what are these preferences and positions on welfare reforms? Mares (2003), in a seminal study, provides a model of social policies’ preferences to study the onset of welfare programs. She empirically conceptualized four potential ideal-types of different business’ preferences for social policies:

- “*no social policy*”, when employers are not interested in any form of social coverage in respect to a given need;
- “*private social policy*”, when employers opt for “occupational welfare” as the answer to given social needs, which means leaving to companies and, eventually, social partners, the choice to discretionally develop social programmes by virtue of the employment status;

- “*contributory social policy*” when employers accept or are willing to develop social policies financed by compulsory social contributions;
- “*universalistic social policy*”, when employers accept or are willing to develop social policies financed by general taxation.

The four types of preferences have clearly different costs for companies but also different redistributive effects. In terms of collective action, employer associations’ preferences/positions among the four ideal-types are shaped by processes of negotiation within the business community, with trade unions and governments.

As argued above, the typology proposed by Mares referred to the study of the creation of new welfare programs in the XX century. Does it still hold nowadays? To a large extent the answer is positive. Opting for no coverage or cuts of public programs, shifting the economic burden to “private social policy” solutions can apply both on the onset of social policies and on later phases. Similarly universalistic or contributory social policies present different pros and cons for companies depending on the enterprise characteristics.

At the same time, the politics of social policy has changed in the XXI century in three respects (Bonoli and Natali, 2012; Beramendi et al, 2015). First, the labour market and national economies are under a deep transformation, as underlined also in the previous section, and such ongoing transformation has a direct and indirect impact on the way the debate on social policy is framed. The transformation of the workforce through technological change, globalization, and the stratification effects of welfare states themselves has created a more complex set of divides that involves divisions of sectors, occupations, and skills, as well as among different gradations of labor market integration” (Beramendi et al., p. 14).

Second, “new” social risks have emerged in the late XX century (from reconciliation needs for working parents to various forms of human capital investment) and they pose novel requests but also often trade-offs in terms of coverage between the “old” and “new” social risks.

Third, social policies have proven to be more resilient than expected to attempts to cut them or to transform them in a radical way, due to a whole set of institutional path-dependence (Pierson, 1996; 2001). Therefore, the core debate on the welfare state becomes not simply the extent of its expansion or cuts, but, instead, its ‘recalibration’ and the consequent (re-)distributive conflicts.

Therefore, if Mares typology still holds its explanatory strength, it is useful to integrate it taking into consideration other two typologies by Beramendi et al (2015). The first typology deals with the type of social policy preferences’/positions’ employers could have. They distinguish between:

a) *Consumption oriented policies*, which help people cope with the loss of income, whether due to old age (pensions), skill redundancy (unemployment insurance), or illness (disability benefits and sick leave from employment, medical diagnostics and therapy);

b) *Investment oriented policies*, which empower people to earn a living in the labor market – with policies classified under the rubrics of education, child care, labor market activation, research and development, and public infrastructure; what it is defined by Beramendi et al (2015) is very close to what other scholars define “social investment” policies (Hemerjck, 2017).

The second typology considers three possible types of policy reforms’ goals:

a) *Marketization*: policy reforms that make access to policies dependent on the individual’s situation in the labor market;

b) *Segmentation*: policy reforms that stratify the access to social provision across different groups of the population depending, for example, on the type of contract or economic sector they belong to;

c) *Inclusion*: policy reforms that broaden the pool of social policies’ beneficiaries.

All these can be integrated in a single analytical framework, given that the three typologies focus on the same topic but from slightly different perspectives: the first one deals with the tools used; the second with the contents of the policies; the third with the goals. Table 2.1 provides a synthesis organised around 4 different dimensions. The first dimension is about the welfare effort employers and/or business organisations may see appropriate. In terms of policy priorities this may consist of the increase and/or cutback of welfare spending.

Table 2.1. *Key dimensions for assessing the preferences/positions of employers on welfare reforms*

		OPPOSITE EXTREMES	
1.	WELFARE EFFORT (level of spending)	Increase	Cost-containment
2.	WELFARE PROVISION	Public	Private
3.	WELFARE BOUNDARIES	Universal	Occupational
4.	WELFARE ORIENTATION	Social protection	Social investment

Source, own elaboration

The second dimension is about the role of the state and the market in welfare provision. Employers and/or business associations may prioritise public or private welfare provision to address social risks. The third dimension is more about the solidarity boundaries: who is in and who is out of a certain welfare programme. Social policy measures may be universalistic (targeted to the entire population and thus financed by taxes) or occupational (targeted to few occupational and/or social groups and thus financed by the potential beneficiaries through social contributions).

The fourth dimension is about the logic of intervention: social policy may aim to protect against social risks (social protection) or to prevent them through investment in human capital, skills, etc. (social investment).

The four dimensions are not mutually exclusive. By contrast they overlap and interact. They are thus at the base of complex welfare reform agendas. For instance, the employers’ position in favour of cutbacks can refer to social protection spending (e.g. pensions) may coexist with a more positive attitude towards social investment.

2.3 The “how” question: strategies (and power) of business in social policymaking

The ‘how question’ has to do with the strategy employers (both individually and collectively) set to shape welfare policies and have a say in the reform process. Employers – on the base of their preferences and positions in the debate - have two different strategies to influence welfare policies.

The first one is to provide welfare policies through firm-based or collective programmes (*engagement*) (Figure 2.1).

Figure 2.1. Business’ engagement in welfare policies

Business’ strategies	
Engagement	
Direct Company-based welfare provision	Mediated Occupational funds through collective agreements

After the crisis of Fordism, comparative political economy studies have begun to describe a renewed tendency to unilateral and individual action of employers. In the recent managerial literature, this trend is described as 'employers' engagement': a larger role of companies, in particular, for the development of

HRM policies to address social issues that have previously been externalised to the sphere of public policy. This phenomenon seems the consequence of governments increasingly relying on other societal actors' to accomplish public goals and values, particularly in the context of economic austerity and increasing government retreat from the provision of certain publicly-provided income protection and services (Van der Aa and Van Berkel, 2014).

The second strategy is to participate to the policymaking process (*involvement*) through collective bargaining and/or influencing political institutions (Figure 2.2).

Figure 2.2. Business' involvement in welfare policies

Business' strategies		
Involvement		
PLURALIST	SECTORAL	PEAK-LEVEL

Source, own elaboration

Employers aim shaping discussions in the public policy field, by lobbying governments with the aim to attain the regulatory preferences of employers (Barry, 2011). It is a long tradition of lobbying in many Western countries (Detomasi, 2014; Martin and Swank, 2008). In terms of involvement in policy making Martin and Swank (2008) presented a seminal typology, where they propose to differentiate among three types of labour market coordination by firms:

- the “*macrocorporatist*” model, where employers are organized into hierarchically ordered groups, and the peak association negotiates broad political agreements with labor and the state through collective bargaining and tripartite policy-making committees;
- the “*sectoral coordination*” model, where employers wield power largely at the industry level – employers’ associations within specific industries engage in significant coordination with corresponding labour unions but the encompassing multisector peak associations are much weaker and the state is largely absent from negotiations;
- the “*pluralist*” model, where employers are represented by a panoply of conflicting groups, with many purporting to aggregate business interests and none having much policy-making authority.

Different factors can play a role in business' capacity to influence social policy. One is related to the single companies' capacity to act unilaterally. The political weight of employers and self-employed is

also important. In the EU countries, around 2-3% of the electorate is made by employers, reaching 7% if we include the self-employed without employees in the industrial and consumption macro-sectors. If we add family members, who could vote accordingly to their self-employed / employer parent, this group represents at least one tenth of the total electorate. Therefore, this electoral constituency is relevant and there is going to be a competition among parties to try to gain its votes (see Beramendi et al, 2015 on this point).

Further factors are related to the degree of cohesion and coordination of business in terms of unity and fragmentation (Mach et al. 2021; Morgan and Ibsen 2021). According to the industrial relations literature, employer associations are especially troubled with collective action issues, because they represent a variety of heterogeneous interests of different employers (Barry, 2011). Employers' associations embody a special dilemma, a "power asymmetry" between employers and their associations (Traxler, 2008). The Olson's logic of collective action is reversed for employer associations as action undertaken by employers does not unavoidably lead to increased bargaining power (Barry, 2011). To address collective action problems, employers' organisations need to provide incentives for their members. Some consist of goods that can be bought, e.g. legal assistance or lobbying. In this case, because the good is buyable, collective actors are important, as only a few co-operators can have enough resources to make an impact. Other incentives are selective: negative sanctions, the limiting of employers' choices, side payments and community building (Bowman, 1998). Most notably, the literature emphasizes three main challenges that make collective action problems even more evident: the deregulation of employment relations; the individualisation of employer interests; the increasing role of trans-national companies. In relation to the topic of the present research, all these different forms of trans-national companies could have a strong effect on the capacity of act, as well as their social policy preferences.

Further exogenous factors may influence employers' strategies to influence welfare policies. The power resources of the labour organisations are relevant. The stronger trade unions are, together with left-wing parties supporting them, the more limited is the capacity of business to influence policy making in social policy issues (for instance, Korpi, 1985). The attention provided by the media and public opinion to the specific policy issues on the agenda represents are also to be considered. The point has been made by Culpepper (2016). He refers to the salience of political issues and the role of private interests in governing them. He argues that the type of political dynamics governing a certain policy field or issue ("quite politics" versus "noisy politics") influences the role business.

3. The research hypotheses

We provide here a list of hypotheses we will test through the empirical evidence we collect in BAWEU. These hypotheses – that have to do with the three questions at the core of the project (‘who’, ‘what’, ‘how’) are shaped by structures, institutions and agency. Accordingly, in order to develop our hypotheses we follow three steps.

- I) First, we set a series of hypotheses based on what companies should prefer in relation to welfare policies, based on their interests and related to their belonging to a specific economic sector and their being a multinational company or not.
- II) Second, we argue that there are going to be compositional effects in each country depending on the mix between different types of companies (in terms of multinationals and economic sectors); and the types of leading coalitions in the business world;
- III) Third, institutions matter (Martin and Swank, 2012) and, therefore, we will review at the end our hypotheses on the base of which institutions companies face in various EU economic and socio-political environments.

Overall, we want to test five hypotheses:

H1. We expect that all companies will share a preference for private and occupational solutions in relation respectively to welfare provision and welfare boundaries.

A common approach to private welfare provision can be explained on an ideological ground as well as interests: on one hand, most companies tend to share the idea that “markets should function better than public bureaucracies”, on the other, private provision opens up opportunities for private investors and companies (e.g. in healthcare and LTC; private pension funds, etc.). Likewise, we expect that occupational coverage solutions will be preferred to universal ones, because they allow companies in to adapt coverage (and generosity) to the situation in each economic branch and find a balance among companies (and their coalitions) having different interests.

H2. In relation to welfare effort and orientation, we expect sectoral differences, due to diverging interests and needs

Following Pavolini and Seeleib-Kaiser (2020) and taking into consideration consolidated economic sectors typologies, adopted also by Eurostat¹, we cluster the various economic sectors into five macro-sectors:

- a) High and medium-high tech manufacturing and other industrial sectors (excluding construction);
- b) Medium-low and low tech manufacturing (excluding construction);
- c) consumption services (including construction)²;
- d) Knowledge intensive market, financial and high tech services, defined in the present research “private KIS”;
- e) Other knowledge intensive services (mostly welfare state services and public administration), defined in the present research as “public KIS”.

Given this typology by macro-economic sector, we expect that:

- a) high and medium-high tech manufacturing companies should be in favour of the stability of spending in the realm of social protection - pensions and passive labour market policies - (to safeguards individuals and companies’ investment in skills formation) and the increase of expenditure in social investment policies (from ALMPs to education/VET to work-family reconciliation); more specifically, following Thelen (2021), in relation to education/VET, we expect that high and medium-high manufacturing companies should support specific skills formation, with requests of stricter collaboration between the education system and companies; we also expect that companies will accept to share part of the economic costs that a “dual” system requires;
- b) medium-low and low tech manufacturing companies should focus mostly on cuts or at least the reduction of employers’ share in compulsory social contributions in relation to pensions and unemployment benefits, on supporting welfare expansion in education and VET for specific skills formation; with ambiguous positions on work-family reconciliation (on one hand, no expansion in this policy field could be advocated in order to avoid increase in taxation; on the other hand, in those medium-low tech economic sectors, where there is a high share of female employment, a broader public intervention could be seen as a benefit);
- c) the consumption macro-sector, especially in countries where it is mostly rooted on small and medium enterprises (SMEs), should advocate mainly not for public social policy intervention but

¹ In particular, we have used the definition and classification adopted by Eurostat in relation to “High-tech industry and Knowledge – intensive services” (https://ec.europa.eu/eurostat/cache/metadata/en/htec_esms.htm)

² Using the NACE classification, this sector includes construction, trade, transportation and storage, accommodation and food service activities, real estate activities, arts, entertainment, recreation and other service activities.

for tax reduction and labour costs' cuts (social contributions' cuts), due to the fact that the main strategy in this macro-sector is a price-based competition; this is the sector where the “Baumol cost disease” hypothesis holds the most (Wren, 2021);

- d) the KIS macro-sector should be more interested in an expansion of social investment policies supporting high general skills' formation (VET and education, especially tertiary degree courses) and new social risks' coverage (e.g. reconciliation, given the presence of women) than old social risks' protection (pensions and labour market policies).

Tab. 3.1 *Expectations on sectoral interests in relation to the welfare state's functioning*

	<i>Welfare effort</i> (level of public spending) increase vs. cuts	<i>Welfare provision</i> (public vs. private)	<i>Welfare boundaries</i> (universal vs. occupational coverage)	<i>Welfare orientation</i> (social protection vs. social investment)
Medium-high and high tech manufacturing	Stability in social protection and growth in social investment	Private	Occupational	Social protection and social investment
Low and medium-low tech manufacturing	Cuts or stability (reducing CSCs on employers)	Private	Occupational	Social protection and limited attention to social investment
Consumption services	Cuts	Private	Occupational	Mostly social protection
KIS	Stability in social protection and growth in social investment	Private	Occupational	Mostly social investment

Source, Own elaboration

Tab. 3.2 *Expectations of sectoral interests on different policy fields*

	Pension	Passive LMP	Active LMP	Education VET	Work-family reconciliation
Medium and high tech manufacturing	Stability		Increase in expenditure		

Low tech manufacturing	Cuts or stability (reducing CSCs on employers)	Not clear*	Increase in expenditure	Not clear*
Consumption services	Cuts			
KIS	Stability	Increase in expenditure		

* Cuts in order to be price competitive or increase due to the presence of female employees/needs to support skilled workers

Source, Own elaboration

H3. *We expect that multinationals will express similar preferences/requests as other companies, belonging to the same macro-economic sector (high-medium tech manufacturing, etc.), but they will put a particular emphasis on decentralization of bargaining and on (firm-level) occupational welfare solutions.*

We expect that MCs have a broader range of tools at their disposal with respect to local companies. Sometimes they will abide to national contracts, sometimes not, sometimes they will enter local institutions, sometimes they will play a disruptive game³. What research on MNCs' role in IR in general shows is that since 1990 the increased power of mobile capital vis-à-vis immobile labour and national states (Meardi, 2018).

H4. *Employers and their associations will adopt:*

4.1) *different strategies in order to attempt to foster their reform agenda depending on countries' institutional environments.*

4.2) *less institutionalized forms of involvement than the traditional (bilateral or trilateral) ones.*

As a good part of the comparative political economy literature shows (for recent publications on the topic, see Thelen, 2021 and Martin, 2021), the current economic structure in several countries is not just the outcome of companies' strategies and very general macro-trends (deindustrialization, technological change and globalization), but also of choices in state's public policies (including the ones related to the welfare state) and industrial relation models. In this respect, therefore, adding institutions can help us to

³ According to Meardi 2018, for instance: the main work of AmCham Germany is actually on advising US companies on how to pragmatically adapt to German regulations and on how to minimize their undesired aspects.

understand single countries' dynamics and how institutions tend (or not) to strengthen the approach followed by the leading business coalitions in each country.

H5. We expect that the increasing heterogeneity of the economy (and the following increasing differences in terms of interests):

5.1) will make it more difficult for employers to cooperate and to find a common ground in relation to social policies;

5.2) different employer coalitions (with different agreed priorities) will prevail in the various countries, depending on their economic structure characteristics.

We imagine two potential opposite coalitions within the business world: on one hand, companies in medium and high tech manufacturing parting together with knowledge intensive ones (more interested in a potential mix between public welfare expansion and recalibration), on the other hand, medium-low and low tech manufacturing companies sharing common interests with consumption services' ones (keener to follow a cost containment strategy in order to be competitive on labour costs).

To test such hypotheses, the BAWEU project has been based on four sources of information and methodology. First, already available statistical data (from Eurostat, ICTWSS, etc.) were used in order to provide information on the “who” question. Second, a survey on a sample of companies in the five countries of the project (Denmark, Germany, Italy, the Netherlands, and the Slovak Republic) was conducted asking them information and preferences in relation to industrial relation, social policy and education issues⁴. Overall, 387 companies answered the questionnaire. Mostly human resources managers (59%) or other managers (28%) were the ones who filled the survey. Single country reports have discussed the results of the survey in each country. Third, qualitative interviews were conducted in the five countries with employers, employer associations' representative, trade unionists, governments' officials, and experts. Last but not least, country case studies were integrated with the analysis of the relevant (also “grey”) documentation about social policy reforms produced by employer associations. What is described in the following sections is the brief synthesis of all this work, including the five country reports and the four policy analysis reports. The five country reports were written by: M. Mailand

⁴ Unfortunately, the sample size reached was not the one expected, due also to the fact that the survey had to be run in 2021 during the COVID-19 pandemic and companies were quite busy coping with the emergency.

(Denmark), K. Peveling (Germany), S. Colombo and A. Califano (Italy), F. Tros (the Netherlands), and ZEPSR (Slovak Republic).

4. The “who” question. The heterogeneous and (changing) enterprises’ landscape in the EU

Most of the literature on business and the welfare state has traditionally analysed the role of business in the industrial (fordist) world, where (big) private companies in manufacturing were the core actors in the (political) economy. How much does such an image hold still nowadays? To answer this question, we have analysed the structural characteristics of these European economies and clustered the various economic sectors into five macro-sectors (see page 10 above).

For each macro-sector we have analysed two indicators related to the role it plays both in the economy (in terms of the share of total gross value added produced in each country⁵) and in the labour market (in terms of the share of total employees in each country). We have adopted an approach looking at changes over time, comparing the late 1990s with the late 2010s. In relation to the late 2010s, we are also able to use another indicator: the distribution of workers by the size of the company.

These indicators are used first to show what type of overall structural changes took place in the EU28 over time and then, adopting cluster analysis techniques, we have produced a typology of European economies in the late 1990s and late 2010s. We stop the analysis right before the onset of the Covid-19 pandemic, given its dramatic impact on the European socio-economic structure. For the clusters, we also consider three other types of information on the countries’ economic characteristics: the role of foreign direct investments, the GDP per capita and the average yearly GDP growth over time.

Then, we compare the type of workers these different European economic types require, by looking at skills’ composition⁶, gender and labour market shortages and unemployment risks. Finally, we look at other three important phenomena: the potential role of small enterprises, also in terms of electoral voters, the role of transnational companies⁷ and the basic facets of employer collective action.

⁵ The gross value added is a measure of the contribution to GDP made by an individual economic sector.

⁶ (Table 4.6). We focus at the type of skills prevalent in each economy, the role of female employment, the presence of labour shortages by economic sectors, measured by the job vacancy rate⁶, the risk of being unemployed by skills’ level and the general unemployment rate. We distinguish between three profiles in the labour market: workers with high general skills (managers, professionals, technicians), workers with specific skills (craft and related trades workers, plant and machine operators and assemblers), and workers with low general skills (clerical support workers, service and sales workers, employment in elementary occupations) (cf. Wiss 2016).

⁷ Eurostat defines Multinationals as a group that operates in two or more countries, at least one of them being an EU country (or territorially EU). The nationality of a Multinational group is determined by its global decision center (the Headquarter).

4.1 General trends over Europe

Table 4.1 in the Annex shows how structurally the European economy changed over two decades. In this section we first look at the role of each economic sector (industry, services); then we refer to trends in the composition of the labour force; the role of small and medium enterprises; and the changing face of industrial relations institutions.

The changing role of macro-sectors and the distribution of employers across them

The process of deindustrialization was relatively strong (the share of total employees working in this macro-sector went down from 26% in 1997 to 19.1% in 2019). This process was more visible in terms of employment than gross value added. Instead, private KIS grew significantly over time both in terms of employment and gross value added. The consumption sector (including construction), the public KIS sector represent the two most important macro-sectors in terms of employment in the EU. Respectively, around 36% and 30% of employees worked in 2019 in each of these two macro-sectors. In the last two decades, the former was relatively stable (although construction decreased and the rest of the macro-sector grew), the latter registered growth, although more pronounced in terms of employment than gross value added.

Overall, compared to the past, employers are relatively less present in industry and more in other macro-sectors. However, a more careful look is necessary. Table 4.2 and Figure 4.1 in the Annex use respectively the data on the distribution of employees and firms by economic sector.

The data reported have some limitations. First, they are not available for the late 1990s and therefore they are useful just to provide information on the current situation. Second, they do not refer to the whole economy, because they exclude agriculture, part of private KIS (financial and insurance activities), and public KIS. Half of employees work in the EU for medium (from 50 to 249 persons employed) or large (250+) companies. This share increases quite a lot in the part of the industrial sector based on high and medium-tech manufacturing, where more than half employees work in large companies (55%) and only 22% in very small (less than 10 employed) and small ones (10-49 employed). SMEs are more present in

The global decision center is the legal unit, where the strategic management decisions concerning the whole Multinational group are taken. Companies within value chains are enterprises organising their production globally, breaking up their value chains into smaller parts supplied by a growing number of providers located worldwide. International sourcing of business functions is a key feature of global value chains as European businesses increasingly globalise their production processes (Eurostat, 2019).

low and medium-low tech manufacturing: 40% of companies in this macro-sector have less than 50 employees.

Also, KIS are characterized by the presence of large companies (these data do not consider the financial and insurance sector, where large companies are very common), but at the same time around 29% of employees work in very small companies. In addition, the consumption macro-sector is split between large companies and very small ones, with the latter being relatively more present. However, in this latter case the relative weight of very small and small companies is higher than in the previous sector.

Figure 4.1 in the Annex looks at the distribution of companies by macro-sector respectively within medium and large companies. Among large size companies, industry plays still an important role in the EU: around 39% of this type of companies belong to this sector – 20% only in high and medium-tech manufacturing and other industrial sectors. Another important macro-sector in terms of number of companies among large ones is the consumption macro-sector (35%), which becomes the biggest one among medium size companies (44%). The private KIS sector has a share of 27% among large companies and 23% among medium ones.

Overall, the data provided so far show that in Europe employers have become more present and economically important in non-industrial economic sectors than in the past. At the same time, if we look at what happens among (medium and) large enterprises, we see that industry still plays a pivotal role in terms of both share of employees and companies.

Trends in the composition of the labour force

The labour force in the EU has changed in terms of skills, gender and unemployment risks (Tables 4.3a and 4.3b in the Annex). Four trends are visible. A process of partial upskilling took place, with a strong increase in the share of employees in high general skills' jobs, a reduction of those with specific skills and a relative steadiness of those with general low skills. A similar pattern, although less pronounced, took place also within the industrial sector as a whole, pointing at the fact that a process of increased professionalization happened. The feminization of the labour force kept on proceeding in general and it has been very strong among high general skills employees. Unemployment became a slightly less dramatic phenomenon in general and for each skills' profile (Table 4.6 in the Annex).

The number of employers across Europe

Given that Eurostat provides information on the size of companies for 2017, we can look at how the four clusters differ one from another in respect to the distribution of companies by their size (Table 4.7 in the Annex).

The number of employers active in the market and as part of the adult population are important indicators to understand the role of small employers (very few employers own large companies and 90% of enterprises have less than 10 employees – Eurostat data not reported in the tables) within the economy and society (Table 4.8 in the Annex). The following two tables report information on the share of self-employed among workers and the adult population. The latter data can be used as a proxy of the direct electoral weight of employers as voters. We present information on self-employed with employees, which can be defined strictly as employers, but also three other types of information: family workers, self-employed in the industrial and consumption macro-sectors and the self-employed in the welfare and smart growth macro-sectors. We argue that it is important to make the latter distinction given the fact that the self-employed in the industrial and consumption macro-sectors have often a profile similar to small employers and, in many countries, are represented by the small employers' associations (e.g. in the case of artisans and shops owners). Only the last group of self-employed in the welfare and smart growth macro-sectors shows different facets in many countries.

First, the role of (small) employers within the labour market is not minimal. In the EU around 4% of workers are employers and, if we add family workers, we reach 5%. Another 7% of workers are self-employed without employees working in the industrial and consumption macro-sectors.

Second, as also underlined by Beramendi et al (2015), they play also a not irrelevant role in socio-political dynamics, representing around 2-3% of the electorate and reaching around 7% of the total potential electorate, if we include the self-employed without employees in the industrial and consumption macro-sectors.

Overall, the world of employers and self-employed in the “traditional” industrial and consumption macro-sectors plays an important role not just economically, but also politically in a good part of Europe and even where the presence of these groups is smaller, its size is still not irrelevant (Table 4.9 in the Annex).

The role of trans-national companies

In the last decades, European economies have increasingly seen the presence of companies and business with ties beyond national barriers. Foreign direct investments play an important role in the economic development and structure of many European countries. Figure 4.2 in the Annex shows quite clearly the

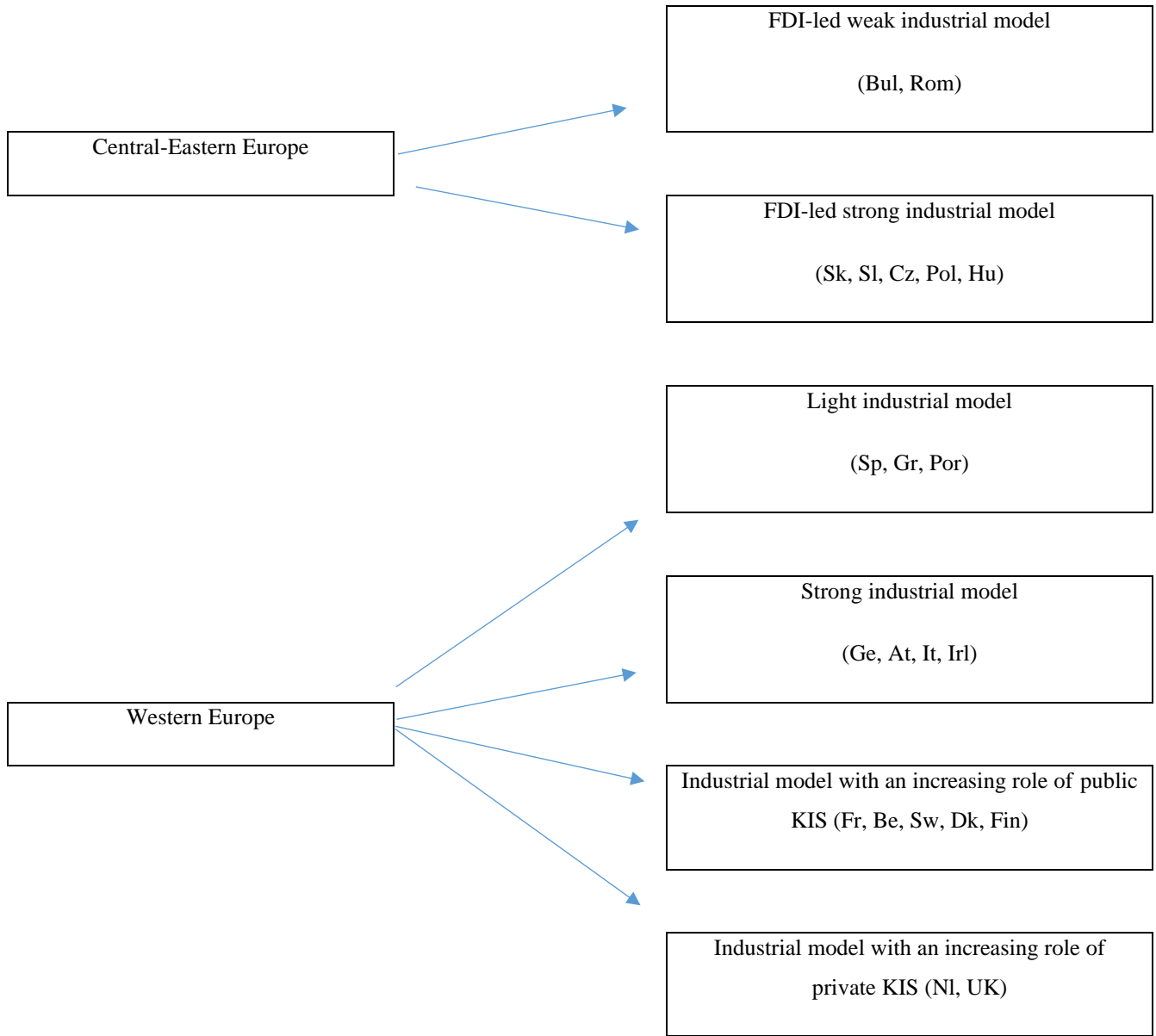
importance of the role of FDIs not just in CEE but also in many other European countries. In terms of inwards FDIs, most European countries have stocks equivalent to at least 40% of their GDP and in many cases above 60% (Sweden, Ireland, Netherlands, Belgium, Portugal, Hungary, Estonia, Bulgaria and the Czech Republic).

4.2 Economic country clusters in Europe over time

Schemes 4.1 and 4.2 below (and Tables 4.4 and 4.5 in the Annex) report the outcome of a cluster analysis, respectively for the late 1990s and the late 2010s, on the variables discussed in the previous section and show how countries group together and which mix of economic macro-sectors defines each of these groups. In the late 1990s, there were six clusters:

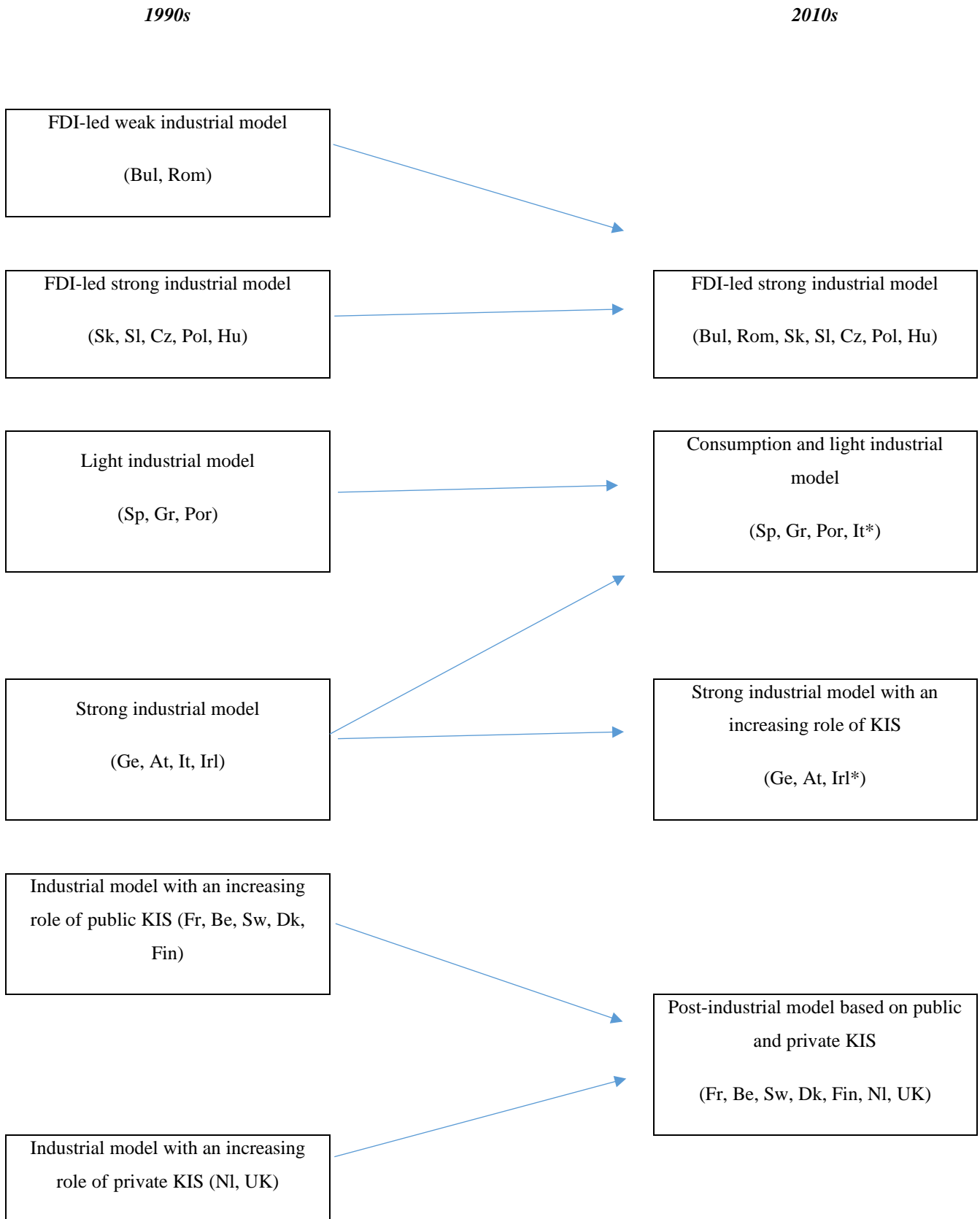
- two groups of countries, all of them CEEs, whose economy structure was based on a strong industrial macro-sector, based on foreign direct investments (FDIs) and consumption services (Scheme 4.1 and Table 4.4).
- Within CEE, Romania and Bulgaria stood separate from the other countries due to the low growth capacity and a very low GDP per capita.
- Germany, Austria, Ireland, and Italy share a “strong industrial model”, where industry (in both its versions – more technological-led manufacturing and less technologically-led manufacturing) was playing an important role (with a share of around a quarter of total employees and gross value added), a strong consumption services’ macro-sector, but also a certain dynamism in relation to public and private KIS.
- Nordic countries and French-speaking ones (Belgium and France) belonged to another model, defined as an “Industrial model with an increasing role of public KIS”, similar to the previous one but with a more marked role of the welfare state and PA.
- The UK and the Netherlands showed another variation to the industrial model, given the relative heavier weight of the private KIS.
- All Southern European countries, excluding Italy, shared a common model, defined “light industrial”, given the fact that manufacturing was to a large extent based on medium-low and low tech economic branches.

Scheme 4.1 *Clusters of European economies in the 1990s (year 1997)*



Two decades later, the picture shows signs of continuity as well as change (Scheme 4.2 and Table 4.5).

Scheme 4.2 *Clusters of European economies over time (years 1997 and 2019)*



* Italy and Ireland present some specificities in respect to the clusters they belong to

We detect 4 different country clusters:

1) “*FDI-led strong industrial model*” in Central-Eastern Europe (Slovakia between the countries under scrutiny in the project). This model has a relatively balanced use of employees in terms of skills in the whole economy. At the same time, it relies heavily on specific skills’ workers in the industrial sector (61% of total employees), which is in line with the traditional manufacturing orientation of this model. Women play an important role in the labour market. Labour shortages are relatively present in all main economic macro-sectors and unemployment seems a limited problem for all workers’ profiles. These economic systems are characterized by a prevalence of foreign investment through Inward multinationals. This cluster shows a high share of employment by foreign capital. In this cluster, small employers, family employers and self-employed groups are important from an electoral point of view and in terms of labour market composition: they represent respectively around 12% of the employed and 7% of voters. In terms of industrial relation system: around half of the employees work in companies belonging to employer associations in Central-Eastern Europe. Eastern Europe countries - where we have seen a strong presence of foreign multinationals and a communist organizational tradition – see the prevalence of the corporate level in IR. The sectoral organization of employment relations is particularly weak in terms of joint institutions between employer associations and trade unions. This suggests a considerable difficulty in aggregating interests for collective action. The aggregation of interests is thus a variable as we will see in the last section.

2) “*Strong industrial model with an increasing role of KIS*”, in Continental Europe plus Ireland, (Germany between the countries under scrutiny here). This model requires a high share of general skilled workers (around 45%). The composition of the labour force in the industrial macro-sector is interesting: along with a strong presence of skilled workers (43%), typical in this sector, there is also a relatively strong presence of general high skills workers (37%), due to the direction taken in the industrial macro-sector focusing on a medium- and high-technology road. Women play an important role in the labour market and labour shortages are relatively present in all economic macro-sectors, especially in the smart growth one, whereas unemployment seems a limited problem. The weight of multinationals on total companies shows a substantial balance between the Inward and Outward activities. In terms of industrial relations, the sectoral organization of employment relations that can be defined as medium-strong in terms of joint institutions between employer associations and trade unions. This cluster shows that about

65% of the employees work in companies belonging to employer associations. Looking at companies belonging to EAs, the share is relatively high in Central-Northern Europe compared to the rest of Southern Europe and, even more, Central-Eastern Europe. This value is particularly high among large companies in the post-industrial model and in the consumption and light industrial model.

3) “*Post-industrial model based on public and private KIS*” that includes all other Continental and Northern European countries, (Denmark and the Netherlands between the countries under scrutiny in the project). This cluster is characterised by public and private KIS, with the increased presence of general high skills’ workers, in the economy in general and also in the industrial macro-sector, which is however less important than in the previous two clusters. Women are present, also among the high general skills employees, there are limited problems of unemployment but, instead, there are issues with labour shortages, especially in the smart growth macro-sector. The post-industrial model is the one with the highest share of large companies (46%), also in private KIS macro-sector (39%) and to a lower extent in the consumption one (33%). As well in the previous cluster, the weight of multinationals on total companies shows a substantial balance between the Inward and Outward activities. In post-industrial countries self-employed, small employers and family workers represent around 8% of the employed and 5% of voters.

This cluster shows that about 75% of the employees work in companies belonging to EAs (with the UK being the main exception); while the sectoral organization of employment relations that can be defined as medium-strong in terms of joint institutions between employer associations and trade unions.

Post-industrial countries are those where there is a greater balance of action at the central and business level, a sign of the strong ability of the industrial relations system to ensure coordination between the needs of individual companies and those of sectors.

4) “*Consumption and light industrial model*” in Southern Europe (Italy between the countries under scrutiny). This cluster shows a relative strong diffusion of unskilled labour (around 46% of employees have to use at work low general skills), but not in the industrial macro-sector. However, this sector is not a core one in most of these countries and, where it is relevant, as in Italy, is still mostly based on specific skills’ jobs and less on high general skills ones (in other terms, it looks more similar to CEE countries than Western European ones). There are practically no labour shortages and, to the contrary, unemployment risks are relatively high for all types of workers, including the high general skilled ones, and especially the low and specific skilled ones. Compared to the other three countries, Italy seems to

fair slightly better in relation to unemployment, but still the situation is worse compared to all other three European models. All Southern European countries share a model based on very small and small enterprises, even in the medium and high-tech part of its industrial sector. In this cluster 7% of the employed are employers or family workers (and another 10-11% are self-employed in the industrial and consumption macro-sectors). Altogether these three self-employed profiles amount to 17-18% of total employment. Also in terms of potential voters, these groups represent 8-9% of the total electorate. The Mediterranean countries (excluding Italy) are similar to CEE countries in the type of foreign investment (low-cost and low-skilled workers), but differ in that a significant share of domestic multinationals invests abroad. Italy is a case in point, even in this sense, as it has a not insignificant share of outward multinationals and less inward. In terms of industrial relations, this cluster shows that about 65% of the employees work in companies belonging to employer associations. The sectoral organization of employment relations that can be defined as weak in terms of joint institutions between employer associations and trade unions.

Compared to the late 1990s, these four clusters were able to grow to different extents. In particular, three of them grew between 2% and 3%, whereas Southern Europe showed serious growth problems.

5. The ‘what’ question. Employers’ preferences and employer associations’ positions over social policy

Section 3 above sets some hypotheses about companies and employer associations’ preferences and positions. In the current section, we test first the hypotheses related to single companies by looking at the answers to the survey (hypotheses 1, 2 and 3), and then we look at employers’ associations with the support of the five case studies (hypotheses 4 and 5).

H1. We expect that all companies will share a preference for private and occupational solutions in relation respectively to welfare provision and welfare boundaries

This hypothesis is confirmed across the various countries, with few specific exceptions (Table 5.1). In all five countries, the large majority of firms is in favor of a more important role of companies in the education system (especially in vocational courses). A large majority of firms is also in favor of more public incentives for companies in ALMPs and private pension schemes. For these two latter issues, only Italy shows a lower level of agreement (respectively 51% and 41% of companies). Only in relation to the role of private schools in the education system, companies are more cautious in fostering private solutions

in four out of five countries. With the sole exception of the Slovak Republic (59%), in all other countries only a minority of firms agree with the statement (especially in Denmark and the Netherlands). Future research should investigate explanations of such result. One that can be put forward here relates to the fact that companies need effective education systems, and they might fear that a private provision in this field might not be as adequate or too costly compared to a public solution.

Table 5.1 *The role of private provision in social policies and education (share of companies that agree with the statement - %)*

	DK	DE	IT	NL	SK
Private schools should play an important role in the education system	25.0	38.5*	38.3	30.4	58.7
Private pension schemes should play a more important role than public pension schemes	68.8	75.0*	40.7*	73.9	78.3*;**
Companies should play a more important role in the education system (specifically in vocational courses)	87.5	76.9*	61.0*	95.7	84.8
Public incentives should be given more to companies than unemployed people in order to help the latter to find a job	75.0	75.0*	50.9	65.2	67.4**

* Multinational companies significantly more in favor of a larger role of private provision than national ones

** Companies with at least 250+ employees more in favor of a larger role of private provision than companies below 250 employees

Note: due to sample size, the analysis comparing multinational companies and national ones could not be performed for Denmark and the Netherlands; for the same reason, the analysis comparing companies with at least 250+ employees and companies below 250 employees could not be performed for Denmark, Italy and the Netherlands.

Source, own elaboration

Table 5.1 reports the presence of statistically significant differences between national and multinational countries. Due to sample size problems, the analysis had to be restricted only to Germany, Italy and the Slovak Republic. In Italy and, especially, Germany, multinational companies are significantly more in favor of a larger role of private provision than national ones. In the Slovak Republic the differences are not significant.

Table 5.1 reports also the presence of statistically significant differences between larger (250+ employees) and smaller companies (below 250 employees). Again, due to sample size problems, the analysis had to be restricted only to Germany and the Slovak Republic. This variable seems to play a role

only in the Slovak Republic where larger companies (but they are often multinationals) are more in favor of private provision for pensions and ALMPs.

H2. In relation to welfare effort and orientation, we expect sectoral differences, due to diverging interests and needs (see the more detailed hypothesis above).

Table 5.2 reports the results of our analysis on the companies of the five countries⁸. It has to be kept in mind that most companies are medium and large ones, even in sectors where usually the companies' dimensions are often rather small (e.g. consumption or medium and low tech manufacturing).

The results provide partial confirmation of our expectations. First, there are practically no differences between different types of manufacturing companies: a majority of them is in favor of a high level of public involvement both in social protection and social investment policies. Second, (medium-large) manufacturing companies' opinions on the role of governments in social policy and education are similar to the ones of KIS companies. Lastly, only consumption services companies respect our hypotheses. These are the least interested in strengthening welfare state coverage, both in terms of social protection and social investment⁹.

Finally, as Table 5.2 shows, there are no statistically significant differences between national companies and multinational ones in relation to their view of government's responsibilities.

Table 5.2 *Government responsibilities in education and social policy according to companies by macro-economic sector (%)*

	(Medium)-low tech manufacturing				(Medium)-high tech manufacturing				Consumption services				KIS			
	L	M	H	T	L	M	H	T	L	M	H	T	L	M	H	T
a reasonable standard of living for the old	32.4	8.8	58.8	100.0	36.1	2.8	61.1	100.0	44.1	10.8	45.1	100.0	28.8	10.6	60.6	100.0
a reasonable standard of living for the unemployed	26.5	14.7	58.8	100.0	19.4	22.2	58.3	100.0	32.9	18.4	48.7	100.0	16.4	19.4	64.2	100.0

⁸ Given the dimension of the total sample size, it was not possible to analyse data jointly at the country and sectoral level.

⁹ The difference among macro-economic sectors shown in the Table 5.2 do not change once only companies with at least 250 employees are taken into consideration.

sufficient childcare services for working parents	25.7	8.6	65.7	100.0	26.1	8.3	65.6	100.0	36.1	11.1	52.8	100.0	27.3	10.5	62.2	100.0
an adequate education to the youth	8.0	20.0	72.0	100.0	11.5	11.5	76.9	100.0	7.1	22.9	70.0	100.0	6.5	13.0	80.4	100.0
better work-life balance of workers	25.7	34.3	40.0	100.0	26.4	31.1	42.5	100.0	23.5	44.1	32.4	100.0	31.8	26.4	41.8	100.0

Note: L = low agreement (a score between 0 and 5 on a 0-10 scale); M = medium agreement (a score between 6 and 7 on a 0-10 scale); H = high agreement (a score between 8 and 10 on a 0-10 scale)

* Multinational companies show a significant lower agreement to government's intervention than national ones

** Multinational companies show a significant higher agreement to government's intervention than national ones

Source, own elaboration

When we look at different macro-economic sectors, there are limited differences about the employers' preferences in relation to the role the state in social policy (the main divide is between consumption services and the other sectors) (Table 5.3; 5.4). In general, medium-high and high tech manufacturing companies and KIS firms are more often in favor of public expenditure expansion than medium-low and low tech manufacturing and consumption services companies. The only exception regards VET and education policies: in relation to both these policies there are no differences among macro-economic sectors. These latter policies are the ones where there is a very large majority of companies (around 70-75% of them) in all sectors in favor of expenditure expansion, and practically no firm advocates for expenditure cuts. Also a majority of companies is in favor of public expenditure expansion in all social investment policies (labour market programs and childcare services – ECEC). In this case, however, KIS and (medium)-high tech manufacturing companies are more often in favor of expenditure expansion than the other companies. Social protection schemes (unemployment benefits and old age pensions) are the ones where only a minority of companies are in favor of expenditure expansion, and a consistent share of firms (but not the majority) in consumption services and (medium)-low manufacturing are in favor of cuts)¹⁰.

¹⁰ The difference among macro-economic sectors shown in the Table 5.3 do not change once only companies with at least 250 employees are taken into consideration.

Table 5.3 shows there are no statistically significant differences between national companies and multinational ones in relation to public spending preferences.

Table 5.3 *The government should spend more or less in different policy fields according to companies by macro-economic sector (%)*

	(Medium)-low tech manufacturing				(Medium)-high tech manufacturing				Consumption services				KIS			
	+	-	=	T	+	-	=	T	+	-	=	T	+	-	=	T
Unemployment benefits	3.7	40.7	55.6	100.0	16.7	16.7	66.7	100.0	20.4	33.7	45.9	100.0	21.7	18.3	60.0	100.0
Old age pensions	25.9	0.0	74.1	100.0	35.9	12.0	52.2	100.0	23.3	3.3	73.3	100.0	32.8	11.5	55.7	100.0
VET	70.2	0.0	29.8	100.0	75.1	0.0	24.9	100.0	69.9	4.3	45.8	100.0	73.8	1.6	24.6	100.0
Education in general	73.1	0.0	26.9	100.0	73.3	0.0	26.7	100.0	74.2	3.2	22.6	100.0	78.7	0.0	21.3	100.0
Labour market programs	55.6	0.0	44.4	100.0	76.7	0.0	23.3	100.0	56.7	5.0	38.3	100.0	72.0	5.4	22.6	100.0
ECEC services	51.9	3.7	44.5	100.0	62.3	0.0	37.7	100.0	54.8	6.5	38.7	100.0	62.3	1.6	36.1	100.0

Note: + = more public expenditure; - = less public expenditure; = = no changes in public expenditure

* Multinational companies significantly more in favor of expenditure expansion than national ones

** Multinational companies significantly more in favor of expenditure cuts than national ones

Source, own elaboration

If the macro-economic sector plays a role in companies' preferences, the situation becomes more blurred when firms are asked how to finance a potential expansion of expenditure (Table 5.4). On one hand, practically no company (no matter the sector) is in favour of cutting spending on education and families in exchange of an increase in pensions. On the other hand, only a minority of firms are in favour of increases in spending in social investment policies (from VET and education to childcare services) thanks either to cuts to social protection expenditure (pensions) or higher taxes. Even when both options (higher taxes or cuts in other policy fields) are considered jointly only around one third of companies in KIS and (medium-)high tech manufacturing agrees to increase expenditure either through taxation or cuts in other policy fields.

Overall, a sectoral differentiation pattern (KIS and medium-high tech manufacturing vs. consumption services and medium-low tech manufacturing) is clear, but it appears less marked than expected.

Multinationals differ partially from national ones when it comes to foster social investment policies with higher taxation. They are less in favour of higher taxation than national ones.

Table 5.4 *Companies' agreement on a set of education and social policy options by macro-economic sector (% of companies that agree with the statement)*

<i>The government</i>	(Medium)-low tech manufacturing	(Medium)-high tech manufacturing	Consumption services	KIS
<i>Should:</i>				
Cut back spending on education and families in order to be able to finance more spending on old age pensions and unemployment benefits	4.8	4.3	8.6	5.4
Increase spending on education, even if that implies higher taxes	20.0**	25.9**	19.8**	26.7**
Increase spending on education, even if that implies cutting back spending in other areas such as pensions	18.5	13.3	19.6	20.0
Increase spending on education, even if that implies cutting back spending in other areas such as pensions or higher taxes	23.3	31.7	22.8	32.5
Increase spending on childcare services, even if that implies higher taxes	16.5**	25.9**	8.6	28.3**
Increase spending on childcare services, even if that implies cutting back spending in other areas such as pensions	11.1	18.6	7.8	18.6
Increase spending on childcare services, even if that implies cutting back spending in other areas such as pensions or higher taxes	17.8	29.8	13.9	31.4
Increase spending on VET, even if that implies higher taxes	18.5**	21.7**	16.1**	23.6**

* Multinational companies significantly agreeing more than national ones with the statement

** Multinational companies significantly agreeing less than national ones with the statement

Source, own elaboration

H3. We expect that multinationals will express similar preferences/requests as other companies, belonging to the same macro-economic sector (high-medium tech manufacturing, etc.), but they will put a particular emphasis on occupational welfare solutions.

In most cases there are no statistical differences between national companies and multinationals in relation to their views on welfare policies, even when controlling for the same macro-economic sector. However, multinationals are less keen on supporting social investment policies through higher taxation than national ones. Finally, looking at private welfare provision, multinational companies are more often supportive of such solution than national ones, as expected, but the diffusion of direct occupational welfare provision is not statistically different from national large companies.

Qualitative analysis in the five countries provides further (and mixed) evidence. In Denmark multinationals' subsidiaries tend to enjoy a high level of discretion with regards to employee involvement. However, with regard to pay and performance, foreign-owned subsidiaries show a below-average level of discretion. The interviews with the EAs underlined that multinationals tend to be less committed to the various Danish welfare and labour market institutions, although wide variations are found among foreign-own MNCs.

Compared to the European average, Italy lags far behind in terms of outward and inward foreign investments. Interviews argue that foreign owned MNCs tend to act on behalf of a foreign property. Also in the Italian case, the economic sector where the multinationals operate, as well as their country of origin play an important role on how they act.

In the Netherlands, multinationals pay higher wages than non-multinationals, but other terms and conditions, such as unpaid overtime, the latter show worse practices. As for Italy, the country of origin of multinationals seems important. Multinationals with a foreign headquarter in the United States and to a lesser extend in Japan do not always understand the Dutch 'poldermodel' - with its tradition in searching for compromises with trade unions through social dialogue – or the collective pension-system with its obligations.

Multinational companies in the Slovak Republic formulate precise requests in relation to various tax reliefs, state aid, skilled labor availability, and limited labor costs. It is not uncommon for multinational companies to be part of one or more employers' unions. Through multiple memberships, they build relationships at the national level, but also share information with organizations originating in the same country.

5.2 Employer associations' positions

Another part of the BAWEU project investigated employer associations' (EAs) positions through qualitative interviews and documents' analysis. We first look at their overall positioning in relation to social policies. Then we test Hypothesis 4.

Tables 5.5 and 5.6 synthesize the results of the case studies on the five countries. Overall, Danish EAs show support for a universalist and generous welfare state. Yet such support tends to vary across policies.

Table 5.5 *Employer associations' positions in the various clusters of countries on the general approach to education and welfare policies*

<i>Country</i>	Slovak Republic	Germany	Denmark	Netherlands	Italy
<i>Cluster</i>	FDI-led strong industrial model	Strong industrial model increasing opening to KIS	Post-industrial model based on ("public") KIS	Post-industrial model based on ("private") KIS	Consumption and light industrial model
<i>Welfare effort</i> - level of public spending (increase vs. cuts)	Mix stability and cuts	Mix between stability and increase	Mix between stability and increase	Mix stability and cuts	Cuts
<i>Welfare provision</i> (public vs. private)	Private	Private	Mix Private and Public	Private	Private
<i>Welfare boundaries</i> (universal vs. occupational coverage)	Occupational	Occupational	Mix Occupational and Universal	Occupational	Occupational
<i>Welfare orientation</i> (social protection vs. social investment)	Social protection and some social investment (VET)	Social protection and social investment	Social protection and social investment	Social investment	Social protection and some social investment (VET)

Table 5.6 *Employer associations' positions in the various clusters of countries on the various policy fields*

<i>Country</i>	Slovak Republic	Germany	Denmark	Netherlands	Italy
<i>Cluster</i>	FDI-led strong industrial model	Strong industrial model increasing opening to KIS	Post-industrial model based on ("public") KIS	Post-industrial model based on ("private") KIS	Consumption and light industrial model
Pensions	Stability (reducing CSCs on employers)	Stability	Stability	Cuts	Cuts (reducing CSCs on employers)
Passive LMP	Stability (reducing CSCs on employers)	Stability	Stability (reducing CSCs on employers)	Cuts (reducing CSCs on employers)	

Active LMP	Stability	Stability	Increase in expenditure	Increase in expenditure	Stability
Education VET	Expansion				
Work-family reconciliation	Stability	Expansion	Expansion	Limited expansion	Stability

Source, own elaboration

Policies concerning labour supply, both active and passive labour market policies, but also to education and labour migration, are at the top of the employers' agenda. EAs have openly advocated for public intervention in this fields and the budget cuts for ALMP were criticized. In relation to passive labour market policies, EAs acknowledge the important role that unemployment benefits plays for the Danish flexicurity model, but at the same time they strongly sign up to 'make work pay' principle, which emphasis lower unemployment benefits than minimum wages. VET is the main issue prioritised high by all interviewed EAs. Especially four issues were addressed: the high drop-out rates from VET schools, adults with lack of basic reading and numerical skills, lack of practical training places/lack of students, and insufficient use of VET funds. EAs support the dual system of vocational education. Whereas there is an open support for formal childcare services, EAs have been critical in relation to the EU directive on parental leave. However, after the adoption of the directive some of the main employers' association changed position. Pension policy is not seen a top priority. EAs praised occupational pensions and disliked the newly introduced Early Pension Scheme. The Danish Confederation of Employers (DA) has remained very sceptical about the latter because it is expected to reduce labour supply, at a time when labour and skill shortages were rising in the Danish labour market.

Also the German EAs do not currently advocate for a strong welfare retrenchment. Although, compared to the Danish case, there have been more signs of support for privatisation and a major shift took place in the 1990s and 2000s, when the employers' associations and other business-related support to public welfare started to decline (Ebbinghaus et al., 2011). In particular, the landscape changed in the aftermath of Germany's reunification in 1990, which was sided by a massive increase in unemployment in East Germany. Employers started being openly hostile toward the German model of welfare and asked for cutbacks. Changed business preferences in Germany undermined the cross-class coalition underpinning the Bismarckian welfare state. In the 2010s, there have been a fine tuning of such choices. In particular, flexibility in working time has been in Germany a major issue in public debate. In recent years employer associations have continued in the demand for more flexibility in working time and a 40-hour week.

Pension policy remains to be the top issue for unions and employer associations alike, given the demographic development that has taken place in Germany over the last decades. Whereas Unions pledge for a stronger intervention by the state to support the pay-as-you-go scheme through taxes, EAs want to increase private provisions that may be incentivised through tax benefits.

As for VET, since late 2014, a trilateral alliance on vocational training is in place. The objective of the alliance has been to substantially raise the number of apprenticeship posts and internships and to cooperate with the Federal Employment Agency concerning school leavers and unskilled, unemployed, foreign workers and refugees. With respect to work-family conciliation, in the words of Fleckenstein & Seeleib-Kaiser (2011), “German employers were not only “consenters” in the drive for the expansion of employment-oriented family policies but became “promoters”. Employers actively promoted the expansion of childcare facilities for children below the age of three years and proactively supported an earnings-related parental leave benefit. The idea is to encourage parents to go back to work as soon as possible.

Compared to Denmark and Germany, Italian EAs are more in favour of a less universalist and, to some extent, less generous welfare state, with a strong support for private provision. EA’s positions on the welfare state have been framed in the last decade mostly in terms of cost-containment, with the exception of education (VET) policies. In particular, two main policy options across social policy fields have been advocated by EAs: the reduction of the so-called fiscal wedge (e.g. social contributions), and the strengthening of occupational welfare at the firm level, through fiscal incentives. The reduction of the fiscal wedge is at the core of the economic policy lobbied by Confindustria. The goal is to reduce the labour costs. Furthermore, for employers the Italian structural crisis in productivity growth should be reversed through an extended use of welfare provisions at firm level in all social policy areas examined in the present research. In relation to labour market policies, EAs asked for strict conditionalities in the access to social transfers, namely minimum income. The conditionalities concern the obligation to accept job offers (under a set of conditions) and to take part to training.

Business associations have been explicitly supporting an occupational delimitation of welfare boundaries, with a welfare orientation inclined to social investment, fiercely opposing universal measures. At the same time, they did not necessarily oppose an increase in welfare spending by the public administration to sustain such occupational measures, once granted that this would not have implied higher tax for companies. A fundamental worry of businesses, as it emerges from the debate on basic income, is that such measures would put excessive pressure on the cost of labour, as they would discourage unemployed people to accept job offers. At the same time, there is a strong preference for

active labour market policies by the Italian major business association. In pension policy, EAs are in favour of a further increase in the retirement age. VET is considered by EAs one of the core issues (if not, the most relevant one). The mostly advocated policy concerns the strengthening and improvement of the professional/technical school system, and apprenticeship programmes during school years. The main EAs do not show a special interest towards work-family conciliation policies – other than the mentioned claim of further autonomy of each firm from national regulation. At the same time, these organisations demand a stricter regulation of parental leaves, due to the risks of illicit uses by workers and the detrimental effects to the organization of production within firms.

In the Netherlands, business' positions on the welfare state have been mainly framed in terms of cost-containment, with the exception of education (VET) and childcare policies. Interviews show the following hierarchy in employers associations' pressing topics: firstly pensions, secondly labour market policies, thirdly vocational educational training (VET), and finally family policies. If cost-containment for business has been a dominant position in all social fields, in recent years increase spending in public welfare has received increasingly support in pre-pensions, sustainable employability of older workers and pension credits for childcare. Tough negotiations and conflicts resulted in the 2019 agreement between the national employers' associations and trade unions about second pillar pension reform,. The employers mainly lobbied for cost-containment and for the provision of second pillar pensions to be kept private, collectively bargained, agreed and governed with trade unions. Eventually, employers agreed with introducing new flexible pre-pension arrangements. In the mid-2010s, peak employers' associations set unemployment as one of their key issues. Besides cost-containment in welfare arrangements, employers' associations do not argue for universal welfare arrangements for all workers independent their employment status.

In the last 20 years, Dutch social dialogue in labour contracting and dismissal law got stuck in a polarized discussion between more 'security' (wished by trade unions) versus more 'flexibility' (wished by employers). Overall, employers' preferences in labour market policies can be mainly interpreted as a mix of support for the cut of indirect labour costs and support for social investment through ALMPs in order to foster a more flexible labour market. Employers' positions in VET do not question that fundamental education and vocational education for younger people is universally organized and a public collective good. However, employers seek for more public-private partnerships and provide for work-placements and internships. Investments in VET are seen important to prevent unemployment. In the area of childcare, employers' associations supported the agreement in the Socio-Economic Council in 2021 about reforming childcare. Employers support more universal facilities. At the same time in the

domain of leave policies, employers advocate cost-containment. The most important reform in the field of family policies has been the extension of partner leave after the birth of a child. Given that the large employers' organizations do not see leave policies as a solution, it is unsurprising that they are not in favor of this new law and lobbied against it. However, their lobby could not prevent this reform.

In the Slovak Republic also issues of cost containment have been prevalent in the EAs' positions about welfare state policies. Again, the main exception has been education (VET) policies. In pension policies, the Association of Industrial Unions disagreed in 2019 in relation to the introduction of a retirement age cap (at age 64 years) and with other employers' associations has kept on asking on the cancellation of the upper limit of the retirement age in the Constitution or in any other legal acts. It argued it was a gamble with the future of Slovakia and a step back for enterprises' competitiveness. EAs also advocated for measures aimed at ensuring stability of the pension system, which would also bring the overall long-term sustainability of public finance in the Slovak Republic and push the Government to support retirement voluntary savings (2nd and 3rd pillar). In relation to labour market policies, employers' representatives have put an emphasis on launching retraining provided by employment offices as well as further strengthening lifelong learning. Education is the field where EAs are keener to foster public expenditure and intervention, also given the increasing shortage of skilled workforce in the manufacturing and automotive industries. EAs have been pointing at the need to improve the relevance and the quality of the VET system, criticising the reforms introduced last decade (as the "Act on Vocational Education and Training"). Many large employers, national employers' associations as well as foreign chambers of commerce have started actively engaged in strengthening the position of the dual system. Finally, family policies are not a major priority for EAs. EAs mainly advocate for the support of young families through housing support. They have also started questioning about the length of maternity and parental leave, which is one of the longest in the EU.

6. The 'how' questions: the ways employers attempt to influence social policy

The last part of the project was dedicated to how employers and employer associations attempt to influence policy making in relation to social policy and education. We have adopted a mix methodological strategy based on the quantitative results from the survey and the qualitative results of the national case studies.

H4. Employers and their associations will adopt:

4.1) different strategies in order to attempt to foster their reform agenda depending on countries' institutional environments.

4.2) less institutionalized forms of involvement than the traditional (bilateral or trilateral) ones.

6.1 Employers' Engagement

Table 6.1 shows the companies provide welfare policies to at least the 50% of the employees. There is a clear difference between, Denmark and the Netherlands – where occupational pensions and unemployment benefits are widespread - Italy and the Slovak Republic where occupational schemes are much less spread. Germany finds itself in between the other countries. no major difference between the position of multinationals and national companies, the only partial exception being multinational companies in the Slovak Republic that provide welfare benefits more often than national companies. The size of the company does not seem to influence the availability of occupational welfare schemes.

Table 6.1 *Companies that offer occupational welfare benefits to at least 50% of their employees (%)*

	DK	DE	IT	NL	SK
Premiums paid to voluntary occupational pension schemes	78.4	60.7	25.4	88.9	23.8*
Premiums paid to voluntary unemployment allowances schemes	67.6	33.7	14.1	55.6	14.3*
Participation/funding of dual system of education / apprenticeship	8.1	10.2	8.5	11.1	0.0
On-the job or continuous training	18.9	14.6	38.0	22.2	19.1
Extra statutory maternity/paternity leave	8.1	6.7	16.9	7.4	4.8
Job creation scheme	5.4	2.3	8.8	11.1	1.6
Sheltered employment/Employment scheme for people with disability	5.4	6.7	19.7	7.4	1.6
Requalification scheme or life-long learning scheme	10.8	9.0	18.6	18.5	0.0
Employer subsidized childcare (on-site or off-site)	5.4	7.9	8.5	7.7	0.0
Flexible work arrangements (e.g. job sharing, flexime)	8.1	27.0	22.5	11.1	11.1
Teleworking or telecommuting	21.6	41.6	12.9	22.2	27.0
Part-time work	18.9	37.8	20.0	11.5	9.5

Additional paid days off/extra paid vacation days	18.9	31.5	11.4	14.8	11.3
Study leave	13.5	19.1	28.2	22.2	1.6
Leisure benefits (sport, culture)	78.4	67.4	28.2	63.0	41.3

* Multinational companies significantly more in favor of a larger role of private provision than national ones

** Companies with at least 250+ employees more in favor of a larger role of private provision than companies below 250 employees

Note: due to sample size, the analysis comparing multinational companies and national ones could not be performed for Denmark and the Netherlands; for the same reason, the analysis comparing companies with at least 250+ employees and companies below 250 employees could not be performed for Denmark, Italy and the Netherlands.

Source, own elaboration

Table 6.2 shows the survey results of the type of engagement companies declared.

Table 6.2 – *Companies' type of engagement by policies*

<i>Company's policies</i>	<i>Engagement</i>	DK	DE	IT	NL	SK
Premiums paid to voluntary (not compulsory) occupational pension schemes	Direct ^a	14,61	36,99	11,42	10,96	26,03
	Mediated ^b	10,00	23,33	53,33	6,67	6,67
Premiums paid to voluntary (not compulsory) unemployment allowances schemes	Direct ^a	14,48	38,46	9,95	10,86	26,24
	Mediated ^b	17,65	11,76	58,82	5,88	5,88
Participation/funding of dual system of education or apprenticeship programmes	Direct ^a	14,85	36,24	13,10	10,04	25,76
	Mediated ^b	0,00	33,33	53,33	13,33	0,00
On-the job or continuous training	Direct ^a	14,57	32,79	18,22	10,12	24,29
	Mediated ^b	7,14	50,00	35,71	7,14	0,00
Extra statutory maternity/paternity leave	Direct ^a	14,35	36,77	11,66	11,66	25,56
	Mediated ^b	21,05	21,05	57,89	0,00	0,00
Job creation scheme	Direct ^a	14,73	35,27	12,05	11,61	26,34
	Mediated ^b	11,76	41,18	47,06	0,00	0,00
Sheltered employment/Employment scheme for	Direct ^a	15,04	35,40	12,39	11,06	26,11

people with disability	Mediated ^b	8,70	30,43	60,87	0,00	0,00
Requalification scheme or life-long learning	Direct ^a	14,89	34,89	14,04	10,64	25,53
	Mediated ^b	0,00	42,86	50,00	7,14	0,00
Employer subsidied child- care (on-site or off-site)	Direct ^a	14,60	36,73	11,95	11,06	25,66
	Mediated ^b	13,33	26,67	53,33	6,67	0,00
Flexible work arrangements (e.g. job sharing, flexime)	Direct ^a	15,98	31,51	15,98	10,50	26,03
	Mediated ^b	5,88	47,06	32,35	8,82	5,88
Teleworking or telecommuting	Direct ^a	14,68	30,73	17,89	10,09	26,61
	Mediated ^b	12,82	51,28	17,95	10,26	7,69
Part-time work	Direct ^a	14,42	31,16	16,28	10,23	27,91
	Mediated ^b	13,04	45,65	28,26	8,70	4,35
Additional paid days off/extra paid vacation days	Direct ^a	13,76	36,24	12,39	9,63	27,98
	Mediated ^b	21,43	28,57	32,14	14,29	3,57
Study leave	Direct ^a	13,72	34,07	15,93	9,73	26,55
	Mediated ^b	12,90	32,26	41,94	12,90	0,00
Leisure benefits (sport, culture)	Direct ^a	14,91	34,65	13,60	9,65	27,19
	Mediated ^b	13,64	40,91	31,82	13,64	0,00

a. Managerial unilateral decision; b. Collective bargaining decision.

* Multinational companies significantly more engaged directly than national ones

** Companies with at least 250+ employees more engaged with the mediation of collective bargaining than companies below 250 employees

Note: due to sample size, the analysis comparing multinational companies and national ones could not be performed for Denmark and the Netherlands; for the same reason, the analysis comparing companies with at least 250+ employees and companies below 250 employees could not be performed for Denmark, Italy and the Netherlands.

Direct engagement

With the exception of Italy and to some extent Germany, the introduction of company welfare policies mainly takes place through unilateral interventions of management. The most homogeneous case is

Slovakia where all company policies have been introduced through direct engagement. The peculiarity of Slovakia is linked to the high presence of multinationals that, in our analysis, have shown a strong tendency to the unilateral introduction of company welfare policies.

In Denmark and the Netherlands, the traditional lower union presence at company level leaves ample room for unilateral initiative to introduce corporate benefits. In any case, for both, the situation is heterogeneous as only some policies are markedly introduced through the unilateral initiative. Briefly, for both countries it is essentially VET policies (i.e. on the job continuous training; life-long learning), working hours and policies for disability. A lot of policies are introduced with both unilateral and collective actions. Also in Germany the situation is mixed. In this country it is interesting to observe that companies' family policies – and unemployment allowances- are mainly introduced by unilateral management action. This is due to the fact that the so-called co-determination of management in Germany is on the one hand only related to a limited bunch of employees' working conditions (i.e. salaries, tasks and working time) and on the other hand, it is legally determined only in large companies (mainly holdings).

In Italy in general, direct engagement of entrepreneurs in welfare policies has a very long history. Forms of encouragement and retention of personnel, through extra-wage dynamics, were also present in the Fordist era (where the staff were highly replaceable). Yet, the pressures for unilateral action by the management have not weakened the role of trade unions in the field of human resources management. Nonetheless, it should be stressed that in small companies the majority of welfare provisions, where introduced, are decided unilaterally by the human resources management because of the scarce presence of trade unions.

Mediated engagement

The first, and more tangible, form of mediated engagement is the collective negotiation of company welfare provisions. In Italy and Germany qualitative interviews show that also Multinationals are oriented to a collaboration with trade unions. In Italy especially, this might be related not only to the Industrial Relations traditions and praxis, but also to the fiscal incentives that can be achieved if company welfare is collectively negotiated (i.e. balance laws since 2016).

Still in Italy (and partially also in Germany) Multinationals are firms in which the unions detain a very relevant role, and in which the dialogue with the unions is continuous, respectful and most of the time conducive to agreements which are said to be satisfactory by both sides. Exceptions are represented by VET. In this policy, the dialogue with the unions is often avoided, unless this is needed to get public

funds. It is also the case of some health benefits, which are included in the agreements struck with the unions, but are managed autonomously and exclusively by the company, with no unions' participation in the decision-making. The adaptation of Multinational to the institutional and traditional system of cooperation with unions in internal policies has emerged also in the survey for Italy and Germany. In the latter, the Headquarter has not a major influence in the company welfare decision making of all the policy categories we considered.

In Denmark and the Netherlands, the table shows the role of trade unions for some relevant company welfare policies. In Denmark family policies are mainly negotiated with unions, while it is the opposite in Germany and in the Netherlands. The Dutch strongest trade unions mediation is in the dual system of education (i.e. participation/funding of dual system of education or apprenticeship programmes), because the system there is regulated by collective bargaining.

Thus, the employers' engagement in welfare is not homogenous across the countries under study: it is almost mediated by trade unions in Italy, direct (unilateral) in Slovakia and mixed in Germany, Denmark and the Netherlands.

6.2 Lobbying and new types of alliances

Lobbying is an important strategy used by companies to play (social and political) a role in welfare policy. In Denmark lobbying takes the form of 'business-clubs' (*erhvervsclubber*), where business leaders pay slightly lower than the maximum for anonymous donations and meet with various top-level politicians. The first of these clubs was established less than 10 years ago, but now four Danish political parties – two liberal parties, one conservative and the social democrats - have such clubs (Kristensen 2018). Many Danish companies had contacts to the political system to influence decisions on specific issues (such as environmental issues concerning the firms production, plans for physical extensions of the company, etc.). Others have contacts with the political system to influence the formulation of the legislation on broader policy issues (legislation etc.). This is so although there to some extent seem to be a division of labour between the companies and the employer's association, of which the large majority of the 500 companies are members. Hence, the employers' association more often take contact to the political system with regard to general policy issues, while the companies more often aim at influencing more specific policy decisions.

In Germany, the relevance of skills promotion has recently renewed the need for social partners' alliance. The table 6.2 shows in fact a mixed type of engagement in this policy for employers. To tackle the challenges faced by the dual VET system, an Alliance for Initial and Continuing Education and Training

(Allianz für Aus- und Weiterbildung) was forged between 2015 and 2018, led by the Ministry of the Economy. A new alliance for 2019-2021 was signed between the Government, the social partners and other key stakeholders in August 2019. The alliance involved a large number of governmental and non-governmental key actors such as the Ministry of Labour and Social Affairs, the Ministry of Education and Research, the Integration Commissioner, the Federal Employment Agency, business representatives (that in Germany are strongly fragmented), trade unions, coordinating commissions in the area of education policies (which is the responsibility of the Länder)¹¹.

In Denmark, think tanks and business clubs are becoming newer *fora* for business influence. In Germany, the articulation of interests has changed over the last years for most employer associations. Interviewees almost unanimously say that they form coalitions for articulating their interests as otherwise, they would not have enough political weight to be heard by governments. While the articulation of interests by employer associations usually takes place through traditions strategies – e.g. meetings or sending of information brochures etc. - some associations increasingly use social media channels to articulate their policy preferences. However, as this issue only affects some sectors and industries, not all associations feel the need to use these channels¹².

Finally, a major shift has taken place concerning the alliances. Both unions and employer associations realised that their voice was not loud enough to get the political attention they required to pursue their goals. While such alliances usually take place within the obvious political camps, they sometimes bring up coalitions that aren't obvious at first. For example, the BVMW (Federal Association of Small and Medium-Sized Businesses, Entrepreneurs' Association of Germany) cooperated with Ver.Di to lobby against TTIP as the BVMW argued that SMEs would suffer under it.

In Italy, by contrast, business clubs and other types of non-traditional employers' associations do not seem a relevant phenomenon. In the Netherlands, social dialogue and collective bargaining institutions appear to be broadly unchanged in the last seven decades. In the social policy field, employers' associations prefer to cooperate with the trade union movement because short term success seems to put at risk the relationships with trade union movement in the longer term.

¹¹ Actions included: i) increasing the number of dual vocational training places registered with the Federal Employment Agency and information campaigns; ii) sector dialogues to promote initial dual vocational training; iii) new approaches to promote the taking up of VET training by disadvantaged youth (Assisted Training, see above); and iv) improving access of young refugees to VET through the adoption of the integration law (OECD, 2020).

¹² Some interviewees mentioned the INSM (“Initiative Neue Soziale Marktwirtschaft”) as an example of an association that actively campaigns. The mission of the INSM is to strengthen/lobby for the idea of a social market economy and not to represent sectoral interests (the INSM is, however, financed by the metal and electronics industry). The INSM regularly launches public campaigns.

6.3 Employers' Involvement

In this paragraph we are considering how the employers are involved in policymaking. The main results emerged both in the survey and the qualitative interviews is that there is a growing “missing link”: on the one hand, there are evident limits in the companies' ability to influence social policymaking; on the other, the evidence of the limited satisfaction of the same companies about the EAs capacity to represent them.

As for the latter topic, as shown in Table 6.3, companies' satisfaction with how EAs act in their country varies across countries and, partially, policies. Danish companies are the ones on average more often satisfied with their EAs (often half) and only few are critical (around 15%). Around one third of companies in Germany and the Netherlands are satisfied with their EAs' activity in social policy and education policy and only around 20% of them complain about how they act (often companies say that there are neither unhappy or happy). The Slovak Republic is the country where very fewer companies are satisfied with how EAs' work and many are very critical (often at least 50% of firms). Italy shows a situation closer to the Slovak one. In Italy companies are often unhappy with EAs in relation to taxation, tax wedge, and public pension system. For all other items just around one fifth of the firms are happy (and one third are unhappy).

Table 6.3 *Companies' satisfaction with the capacity of the employer associations in the country to obtain results in relation to social policy and education (% of companies that are not satisfied and % of companies that are satisfied)*

		DK	DE	IT	NL	SK
To reduce the tax wedge on salaries	Not satisfied	20.0	30.7	47.5	32.1	68.2
	Satisfied	37.5	17.8	11.3	25.0	3.0
	Neither	42.5	51.5	41.3	42.9	28.8
	Total	100.0	100.0	100.0	100.0	100.0
To reduce the taxation	Not satisfied	18.0	27.7	44.9	28.6	68.2
	Satisfied	38.5	13.9	11.5	17.9	1.5
	Neither	43.6	58.4	43.6	53.6	30.3
	Total	100.0	100.0	100.0	100.0	100.0

To influence the level of flexibility of the labour market	Not satisfied	15.0	21.8	29.1	21.4	45.5
	Satisfied	55.0	29.7	25.3	21.4	3.0
	Neither	30.0	48.5	45.6	57.1	51.5
	Total	100.0	100.0	100.0	100.0	100.0
To make less expensive the public pension system	Not satisfied	12.5	20.8	42.5	14.3	47.0
	Satisfied	40.0	29.7	20.0	35.7	3.0
	Neither	47.5	49.5	37.5	50.0	50.0
	Total	100.0	100.0	100.0	100.0	100.0
To make less expensive the public unemployment benefits' system	Not satisfied	10.0	21.8	33.8	10.7	37.9
	Satisfied	47.5	27.7	17.5	25.0	4.6
	Neither	42.5	50.5	48.8	64.3	57.6
	Total	100.0	100.0	100.0	100.0	100.0
To invest more in vocational training	Not satisfied	7.7	18.8	33.8	17.9	49.2
	Satisfied	48.7	37.6	22.5	35.7	6.2
	Neither	43.6	43.6	43.8	46.4	44.6
	Total	100.0	100.0	100.0	100.0	100.0
To foster work-life balance policies/policies supporting working parents	Not satisfied	7.5	18.8	33.8	17.9	37.9
	Satisfied	52.5	39.6	21.3	35.7	7.6
	Neither	40.0	41.6	45.0	46.4	54.6
	Total	100.0	100.0	100.0	100.0	100.0
Active labour market policies (e.g., subsidised employment)	Not satisfied	10.0	14.9	29.1	10.7	39.4
	Satisfied	52.5	36.6	25.3	35.7	6.1
	Neither	37.5	48.5	45.6	53.6	54.6
	Total	100.0	100.0	100.0	100.0	100.0

Source, own elaboration

In relation to direct companies' involvement in decision-making about policies, Table 6.4 shows that most firms, even the large ones (with at least 250+ employees), are usually not involved in

discussions/consultations with governments and parliaments practically everywhere. Only around 5-10% of companies declare a moderate or great involvement¹³. Direct involvement is particularly low in Denmark, the Slovak Republic, and, to a lesser extent, the Netherlands.

Only around one third (Germany) and one quarter (Italy) of companies declare that they have regular consultations/discussions with their EAs in relation to the different policy fields. VET is the policy area where companies, especially in Germany, are more often involved regularly than in other policy areas. Finally, given the sample size, only for Germany and Italy and Slovak Republic it is possible to assess if multinationals' headquarters have an influence on the subsidiary's organisations. In general, only a minority of companies belonging to MNs (around 20%) declare that their headquarters have a moderate or great influence and this influence regards mainly the company's position on VET (in Germany also on family policies), and not pensions or ALMPs.

Table 6.4 *Companies' involvement in decision-making concerning social policy and education (% of companies that declare being involved in discussion and consultation to a moderate/great extent)*

	% companies that declare being involved in discussion and consultation to a moderate/great extent with:	DK	DE	IT	NL	SK
Pension policy	Employer associations (only companies belonging to a EA)		29.5	24.3		
	Multinational headquarters (only companies belonging to a MN)		15.9	20.6		3.6
	National government	5.1	10.9	10.1	7.1	1.5
	Parliament	5.1	8.9	6.2	3.6	1.5
VET	Employer associations (only companies belonging to a EA)		45.9	29.7		
	Multinational headquarters (only companies belonging to a MN)		43.2	21.2		39.3
	National government	10.0	11.9	8.6	3.6	4.6
	Parliament	10.0	8.9	6.3	7.1	6.1
Family policy	Employer associations (only companies belonging to a EA)		35.0	24.3		
	Multinational headquarters (only companies belonging to a MN)		38.6	21.9		17.9
	National government	5.1	10.9	8.7	3.6	1.5
	Parliament	5.1	8.9	6.3	0.0	0.0

¹³ These results do not overall change if only large companies (250+ employees) are considered. Due to sample size, the analysis on large companies could not be performed on the Netherlands.

Active labour market policies	Employer associations (only companies belonging to a EA)		37.7	32.4		
	Multinational headquarters (only companies belonging to a MN)		22.8	18.2		10.7
	National government	5.0	12.7	8.8	3.6	1.5
	Parliament	5.0	9.8	7.5	0.0	1.5
Passive labour market policies	Employer associations (only companies belonging to a EA)		14.7	35.1		
	National government	2.6	11.8	8.8	10.7	1.5
	Parliament	2.6	8.9	6.3	3.6	1.5

Note: due to sample size, the analysis considering companies that are members of employer associations could not be performed for Denmark, the Netherlands, and the Slovak Republic; for the same reason, the analysis on companies belonging to multinationals had to be restricted only to companies in Germany, Italy and Slovak Republic.

Source, own elaboration

Qualitative interviews show that EAs are the main actors involved in policymaking at national and local level. In Denmark tripartite arrangements are highly relevant for employers' associations, in particular in the field of: ALMP, VET/CVT and recently also labour migration and labour market integration of ethnic minorities.

In Germany, collective agreements have gained importance in setting new working time arrangements or in providing options to do so at the establishment level. The trend is due to the employers' call for more flexibility in working time and the trade unions' demands for more autonomy.

In Italy, the business representatives show a relatively high level of satisfaction with their involvement in the policy-making process, contrary to the opinions expressed by the trade unionists. At the sectoral level there are forms of co-determination and collective bargaining.

In the Netherlands, in the 1980s, 1990s and 2000s quite a lot of agreements were signed in the Labour Foundation and the Socio-economic Council about controlling wages and recommendations regarding lifelong learning, and flexibility in the labour market in the private sectors. However, interviews confirm the observation of lower impacts of social dialogue in the Socio-economic Council (SER) and in the Labour foundation in the 2010s. They illustrate impasses in the negotiation about labour market reform, pension reform and privatization. The largest trade union FNV was in an internal crisis, but also employers' associations faced some problems. Trade unions were since 1980s weakened by declining membership rates and internal fights between moderate and compromising leaders versus more radical rank-and-file (De Beer, 2013). They felt less supported by the government in their agenda of pension-

reform and flexibilization in the labour market. Mistrust in the government grew when the government responded in the opposite way to the FNV's refusal of the first draft pension-agreement in the opposite way: namely to raise the pension-age even further.

Since 1982, employers' strategies in decentralization and differentiation gradually increased what might have led to vertical coordination problems in the 2010s (Tros, De Beer, Verhoeff, Hazen, 2019). Because of the absence of a social pact during 2017-2021, lobby activities through the parliament increased. The channel of collective bargaining in sectors and companies continued to be used, independent of the existence of a social pact. With the final agreement on pension-reform in the socio-economic council in 2019, and a joint socio-economic agenda for the year 2021-2025, social dialogue in the Netherlands seems to be out of the dip.

In the Slovak Republic, many acts related to economy, employment, social welfare were not subject to social dialogue at all. The most important body where the discussion and negotiation between social partners take place, is the Plenary meeting of the ESC SR.

6.4 Employers' collective action between heterogeneity and coalitions

In the last part of our study, the focus is about the heterogeneity of employers' interests and the problems in setting up a common ground for EAs in welfare policies.

H5.1 We expect that the increasing heterogeneity of the economy (and the following increasing differences in terms of interests) will make it more difficult for employers to cooperate and to find a common ground in relation to social policies

The results of our qualitative analysis on this point is only partially conclusive. In Denmark, the two main EAs (DI and Dansk Erhverv) represent different interests and compete for members. The two organizations have still their respective strongholds in the manufacturing industry (DI) and retail and commerce (Dansk Erhverv), but competition in other parts of private services as well as in, e.g., the medical-medico industries is fierce. Whereas competition for members has intensified, the interviewed EOs did not report of increasing difficulties in reaching agreement within the federations in relation to social policies and education policies. However, even in vocational education - the area, which more often than other areas is described as a 'consensus area' – internal disagreements among the EAs are found.

In Germany, interviewees do not agree with the claim that the diversification of economies is problematic for employer associations. The interviewees argue that associations have always had the challenge to

bring very different firms together and that the current situation is no different in that regard. Furthermore, they argue that this also depends on the topic. Given that employer associations usually tackle very general issues working time regulation, their members can easily find agreements. At the same time, the structure of the German economy makes certain macro-economic sectors (medium-high tech manufacturing and KIS) more dominant than the others in the dynamics among employer associations and in the interaction with governments.

In Italy, the interviewees also agree that the increasing heterogeneity of the economic structure constitutes a problem for the respective associations. However, other interviewees argue that the main Italian employer association, Confindustria, has changed a lot and implemented new strategy to strike compromises between the organisations in the different economic sectors.

Contrary to Germany, in the Dutch case the main challenge is to forge cooperation among companies and employers' association in different economic sectors and among companies from difference sizes: for example, between sectors with growing and shrinking productivity (IT versus Retail). Nevertheless, there seems no evidence of a trend in growing diversification between sectors, when compared to the past. The employers' representatives at sector level and multinationals refer of the different policy positions between sectors and companies (for example, in high tech sector). At the same time, remarkably, all counterparts - trade unions and government - confirm that employers speak 'with one voice' in national social dialogue bodies. Representation of the increased numbers of self-employed people in the Dutch poldermodel is still complicated; separate lobbies from associations for self-employed people or microbusinesses are the most evident example of differentiating voices.

In the Slovak Republic, the three employer associations representing private companies focus partially on different economic sectors (e.g. FSITA represents exclusively the industry and transport sectors) and it seems that it does not represent a problem for collective action.

H5.2 We expect that different employer coalitions (with different agreed priorities) will prevail in the various country clusters

Table 6.5 synthetises what are the leading employers' coalitions in each country.

Table 6.5 *Leading employers' coalitions in the various clusters*

Country	Slovak Republic	Germany	Denmark	Netherlands	Italy
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<i>Cluster</i>	FDI-led strong industrial model	Strong industrial model increasing opening to KIS	Post-industrial model based on (“public”) KIS	Post-industrial model based on (“private”) KIS	Consumption and light industrial model
<i>Leading employers’ coalitions</i>	High + low tech manufacturing + Multinationals	High tech manufacturing + KIS	KIS + High tech manufacturing	KIS + High tech manufacturing	Low tech manufacturing + consumption

In the “consumption and light industrial model” (Italy), the leading employer coalition is formed by medium-low and low tech manufacturing companies and consumption companies. Employers and their associations agree on a minimum agenda based, on one hand, on the requests of tax cuts and labour costs’ containment (through the reduction of compulsory social contributions), on the other hand, on tax incentives for occupational welfare solutions at the sectoral and firm level (which would allow companies and sectors to decide how much to invest on “private” welfare provision).

In “FDI-led strong industrial model” countries (the Slovak Republic), the leading employer coalition is made by high and low tech manufacturing companies (often multinationals). The coalition is more homogeneous than the one in Italy. Its core goal is to foster a mix between, on one hand, cuts (at least in employers’ compulsory social contributions) and stability in social protection expenditure (part of the model is increasingly made medium-high tech manufacturing) and, on the other hand, expansion of VET policies in order to maintain a specific skilled labour force, which is a source of attraction for FDIs.

In the “strong industrial model with an increasing role of KIS” countries (Germany), the leading employer coalition is made by medium-high tech manufacturing companies and KIS companies (with the former having more power). There is the request to contain costs for companies (taxation and social contributions), and in parallel the strong support for social investment (e.g. reconciliation and VET). At the same time, there is less interest in sustaining a universal coverage of “old” social risks, with the request of a sectoral and decentralized bargaining (with occupational and private welfare playing an important role). High tech manufacturing and KIS “coalition” take the leading role in setting employers’ agenda in relation to social investment policies and at the same time a dualization strategy in relation all other social risks (and traditional social protection).

In countries with a “post-industrial model based on knowledge intensive public and private services” (Denmark and the Netherlands), the leading employer coalition is made by KIS companies and medium-

high tech manufacturing companies (with a balanced power between the two groups). An approach focusing on social investment is prevalent (ALMPs, reconciliation policies, education – especially VET).

7. Conclusions

The BAWEU project has contributed to collect information and data on employers and their organisations across Europe. With the focus on five countries, the partner teams have shed light on the profile of business (number of firms, their dimension, their participation in different economic sectors, etc.). In parallel, information has been systematically collected on the employers' individual and collective preferences on welfare reforms, their position in the debate and their strategy to influence policymaking.

All this has contributed to propose new clusters of countries that represent different economic and productive systems. In a context marked by de-industrialization, upskilling and the feminization of the labour force, Europe sees the emergence of four clusters: 1) FDI-Led strong industrial model (CEE countries); 2) Strong Industrial Model with an increasing role of KIS (Continental Europe plus Ireland); 3) Post-Industrial model (Nordic countries, plus the Netherlands); and 4) Consumption and Industrial light model (Southern Europe). These clusters have proved to shape employers' interests and preferences. While models 3 and 4 share many key characteristics of the employers' preferences (favourable to welfare spending), in clusters 1 and 4 show employers show more support for cutbacks. Common attitudes have to do with the support for a more active role of the companies in the provision of welfare; and for social investment policies. Both preferences are particularly supported by Multinationals.

EA's positions tend to replicate these different approaches in line with the four clusters mentioned above. Comparing the five countries under scrutiny, Danish EAs are the most supportive of the welfare state, while Dutch and German EAs have more mixed positions with an emphasis on cost-containment in social protection (e.g. pensions).

A good part of employers are engaged in welfare provision: in Slovakia it takes the form of direct engagement, while in Italy it is more a mediated engagement through collective agreements. Denmark, Germany and The Netherlands tend to mix direct and mediated engagement.

As for the organization of the Employers' strategies for their involvement in the welfare reform debate, signs of stability and ongoing strength of industrial relations systems are paralleled by declining trust in the key players of social dialogue and the increase role of lobbying though new forms of mobilization.

The project eventually provides evidence of growing tension in the camp of employers to strike compromises between different firms and sectors, but EAs associations still have resources to spend to forge alliances between members and for unity.

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ANNEX

Table 4.1 *The role of the main economic sectors in the European Union over time (EU-28)*

High and medium tech manufacturing and other industrial sectors (no construction)	Employees	1997	10.5
		2019	9.4
	Gross value added	1997	7.4
		2019	9.5
Low and medium-low tech manufacturing	Employees	1997	15.5
		2019	9.4
	Gross value added	1997	15.4
		2019	9.2
Consumption sector (including construction)	Employees	1997	35.1
		2019	36.2
	Gross value added	1997	38.2
		2019	38.9
Private KIS	Employees	1997	11.2
		2019	15.4
	Gross value added	1997	18.3
		2019	21.7
Public KIS	Employees	1997	27.4
		2019	29.8
	Gross value added	1997	17.7
		2019	18.6

Source: authors' own elaboration on Eurostat online database

Table 4.2 *Relative distribution of employees by the company size in the EU-28 (year 2017; percent values by macro-sector)*

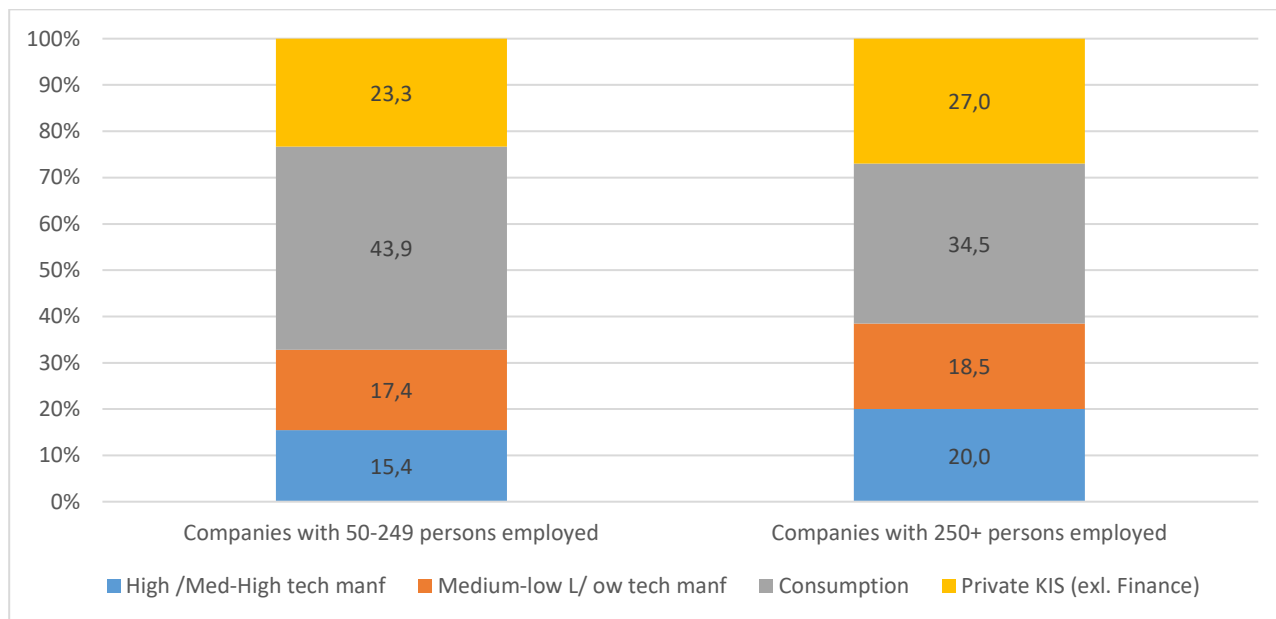
	From 0 to 9 persons employed	From 10 to 49 persons employed	From 50 to 249 persons employed	250 persons employed or more	Total
Total*	28.5	19.9	16.7	34.9	100.0
High and medium tech manufacturing and other industrial sectors (no construction)	7.3	14.9	22.8	55.0	100.0
Low and medium-low tech manufacturing	19.7	20.2	25.5	34.6	100.0
Consumption sector	36.4	21.0	13.0	29.4	100.0
Private KIS**	29.3	16.0	16.1	38.6	100.0

* Except financial, insurance activities, and public KIS

** Except financial and insurance activities

Source: authors' own elaboration on Eurostat online database

Figure 4.1 *Distribution of medium and large companies by economic macro-sector (EU-28; percent; companies belonging to all macro-economic sectors, except agriculture, financial, insurance activities, public KIS)*



Source: authors' own elaboration on Eurostat online database

Table 4.3a *Employees' characteristics in the European Union over time (EU-28)*

Employees by skills' type (share of total employees)						Employees by skills' type in the industrial sector (exc. Construction) (share of total employees in the industrial sector)						Female employment (women as share of total empl.)			
GH		SK		GL		GH		SK		GL		Employees		GH empl	
1997	2019	1997	2019	1997	2019	1997	2019	1997	2019	1997	2019	1997	2019	1997	2019
33.7	42.5	28.8	19.8	37.5	37.8	24.2	29.2	57.4	51.1	18.4	19.7	46.3	48.5	49.6	51.4

GH: General high skills; SK: Specific Skills; GL: General Low skills

Source: authors' own elaboration on Eurostat online database

Table 4.3b *Unemployment and labor shortages in the European Union over time (EU-28)*

Job vacancy rate (by economic sector)								Unemployment in the previous year by skills' type						Unemployment rate (5 years-average)	
Total		Ind.		Cons		Smart		GH		SK		GL			
1997	2019	1997	2019	1997	2019	1997	2019	1997	2019	1997	2019	1997	2019	1997	2019
n.a.	2.2	n.a.	1.7	n.a.	2.0	n.a.	2.8	3.8	2.8	9.3	6.3	10.3	8.5	9.2	7.7

Source: authors' own elaboration on Eurostat online database

Table 4.4 *Six clusters of European economies in the 1990s (year 1997)*

		FDI-led weak industrial model	FDI-led strong industrial model	"Light" industrial model	Strong industrial model	Industrial model with an increasing role of public KIS	Industrial model with an increasing role of private KIS
Agriculture	Gross value added	20.6	4.5	5.7	2.7	2.9	2.3
	Employees	6.2	5.3	2.1	2.1	1.8	1.3
Industry and High medium-high tech manufacturing	Gross value added	14.4	11.9	7.4	8.5	11.5	11.0
	Employees	14.7	13.6	6.9	12.1	9.8	10.1
Medium-low and low tech manufacturing	Gross value added	12.3	16.2	10.6	16.5	8.9	9.9
	Employees	22.1	20.3	17.0	14.3	11.4	9.8
Consumption services (incl. construction)	Gross value added	32.8	36.8	44.3	37.3	36.7	38.0
	Employees	35.7	35.3	37.1	36.0	32.6	35.8
Private KIS sectors	Gross value added	12.6	14.1	14.1	17.6	17.6	21.7
	Employees	6.3	8.0	9.6	11.0	12.8	14.9
Public KIS sector	Gross value added	7.0	16.1	17.8	16.9	22.1	16.9
	Employees	20.6	21.5	28.7	26.2	32.9	29.4
Average yearly GDP growth in previous 10 years		-2.00%	1.90%	2.50%	3.30%	2.30%	2.80%
GDP per capita (PPP; constant 2017 international \$)		11063	19841	27162	40138	40886	38542

FDI inward stock as share of GDP (%) (year 2005)	n.a.	44.6	20.3	34.7 (20.2)*	22.6	31.0 (UK) 73.5 (NI)
Countries	Bul Ro	All other EU-CEE countries	Sp Por Gr	At Ge Irl It	Be Fr Sw Dk Fin	NI UK

* Average value without Ireland

Source: authors' own elaboration on Eurostat online database

Table 4.5 *Four clusters of European economies in the 2010s (year 2019)*

		FDI-led strong industrial model	Strong industrial model increasing opening to KIS	Post-industrial model based on public and private KIS	Consumption and light industrial model
Agriculture	Gross value added	2.8	1.1	1.5	2.9
	Employees	2.2	1	1	2.4
Industry and High medium-high tech manufacturing	Gross value added	10.8	11.2	8.1	7.8
	Employees	15.4	9.3	6.8	7.6 (11.1) ^c
Medium-low and low tech manufacturing	Gross value added	15.1	15.9	8.2	9.1
	Employees	14.5	8.7	6.7	10.8 (12.3) ^c
Consumption services (incl. construction)	Gross value added	37.5	33	37.4	45.3
	Employees	35.5	37.5	34.8	37.6
Private KIS sectors	Gross value added	17.7	23	23.7	15.9
	Employees	10.7	17.1	17.7	13.5
Public KIS sector	Gross value added	15.7	15.5	20.7	18.4
	Employees	24.9	27.8	34.5	30.1
Average yearly GDP growth in previous 10 years		2.7	3.3 (+1.9) ^a	1.7	0.0
GDP per capita (PPP; constant 2017 international \$)		35541	65504 (54378) ^a	51546	37208 (42420) ^c
FDI inward stock as share of gdp (%) (year 2018)		52	122.8 (35.2) ^a	77.3 (53.2) ^b	40.1 (22.2) ^c

Countries	CEE countries	Ge At Irl	All other WE countries	It Sp Por Gr
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^a Mean excluding Ireland

^b Mean excluding the Netherlands

^c Italy

Source: authors' own elaboration on Eurostat online database

Table 4.6 *Workers' profiles required in the four clusters of European economies (2019)*

		FDI-led strong industrial model	Strong industrial model increasing opening to KIS	Post-industrial model based on public and private KIS	Consumption and light industrial model
Employees by skills' type	GH	38.3	45.2	49.8	33.1
	SK	28.8	17.6	14.9	20.5
	GL	33.0	37.3	35.2	46.0
Employees by skills' type in industry (exc. Construction)	GH	23.4	36.9	42.7	22.9 (29.4) ^a
	SK	60.8	43.2	42.1	58.1
	GL	15.8	19.9	15.2	19.1
Female employment (women as share of total)	Employees	48.5	48.5	49.5	47.6
	GH empl	56.6	49.8	50.7	50.3
Job vacancy rate (by economic sector)	Total	2.2	2.2	2.4	1.0
	Ind.	2.1	1.7	1.9	0.8
	Cons	2.0	2.3	2.4	0.9
	Smart	1.9	2.7	3.3	1.0
Unemployment in the previous year by skills' type	GH	1.7	2.4	2.3	6.5 (3.8) ^a
	SK	3.8	4.0	5.2	13.1 (9.4) ^a
	GL	5.3	5.2	6.3	16.1 (11.8) ^a
Unemployment rate (5 years-average)		6.1	5.3	6.3	14.1 (11.1) ^a

GH: General high skills; SK: Specific Skills; GL: General Low skills

^c Italy

Source: authors' own elaboration on Eurostat online database

Table 4.7 *Four clusters of European economies in the 2010s: the size of companies (share of total employed) (year 2017)*

		FDI-led strong industrial model	Strong industrial model increasing opening to KIS	Post-industrial model based on	Consumption and light industrial model
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				public and private KIS	
Total business economy*	Max 9 emp	32.5	22.2	24.9	42.6
	10-49 emp	19.9	24.4	20.8	21
	50-249 emp	19.7	20.7	17.5	14.1
	250+ emp	27.9	32.9	36.9	22.2
Industry and High medium- high tech manufacturing	Max 9 emp	9.6	4.9	8.2	18.0
	10-49 emp	12.4	12.7	17.2	23.4
	50-249 emp	23.5	19.9	24.6	24.3
	250+ emp	54.4	62.5	50.1	34.2
Medium-low and low tech manufacturing	Max 9 emp	17.9	10.4	13.1	25.0
	10-49 emp	19.8	20.7	20.3	29.1
	50-249 emp	29.0	26.4	25.6	24.2
	250+ emp	32.3	42.5	41.1	26.7
Consumption services	Max 9 emp	43	26.8	31.2	50.4
	10-49 emp	20.9	27	21.5	21.5
	50-249 emp	14.3	17.6	13.9	10.7
	250+ emp	21.8	28.6	33.2	17.3
Private KIS**	Max 9 emp	42.1	25	25.5	42.7
	10-49 emp	16	21.5	17.4	12.4
	50-249 emp	16.5	20.8	17.9	12.7
	250+ emp	25.3	32.8	39.2	31.5

* Except financial, insurance activities, welfare state services and public administration

** Except financial and insurance activities

Source: authors' own elaboration on Eurostat online database

Table 4.8 *The role of employers in the labour market and society in the EU (2019)*

Share of employment			Share of adult population		
% self- employed	% self- employed	% self-employed without employees	% self- employed	% self- employed	% self-employed without employees

with employees	with employees + family workers	Industry and Consumption	Welfare Smart growth	with employees	with employees + family workers	Industry and Consumption	Welfare Smart growth
4.0	4.9	6.8	3.5	2.3	2.8	3.9	2.0

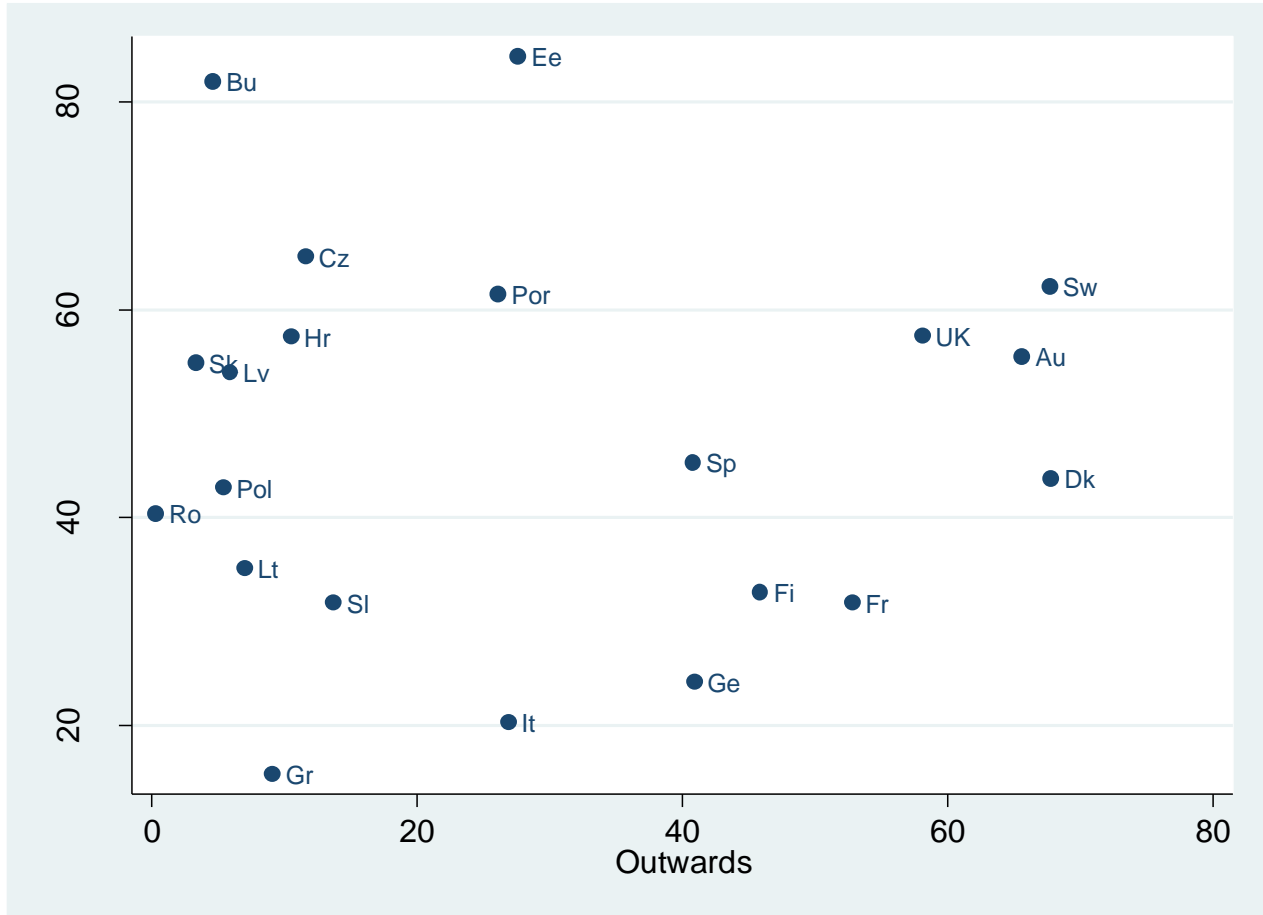
Source: authors' own elaboration on Eurostat online database

Table 4.9 *The role of employers in the labour market and society in the four clusters of European economies (2019)*

		FDI-led strong industrial model	Strong industrial model increasing opening to KIS	Post-industrial model based on public and private KIS	Consumption and light industrial model	
Share of employment	% self-employed with employees		3.4	4.6	3.3	5.7
	% self-employed with employees + family workers		4.8	5.2	3.7	7
	% self-employed without employees	Industry and Consumption	7.6	4.2	4.7	10.7
		Public and private KIS	2.2	2.9	3.7	4.1
Share of adult population	% self-employed with employees		2	2.8	2	2.9
	% self-employed with employees + family workers		2.8	3	2.2	3.5
	% self-employed without employees	Industry and Consumption	4.4	2.7	2.9	5.5
		Public and private KIS	1.3	1.9	2.3	1.9

Source: own elaboration on Eurostat data

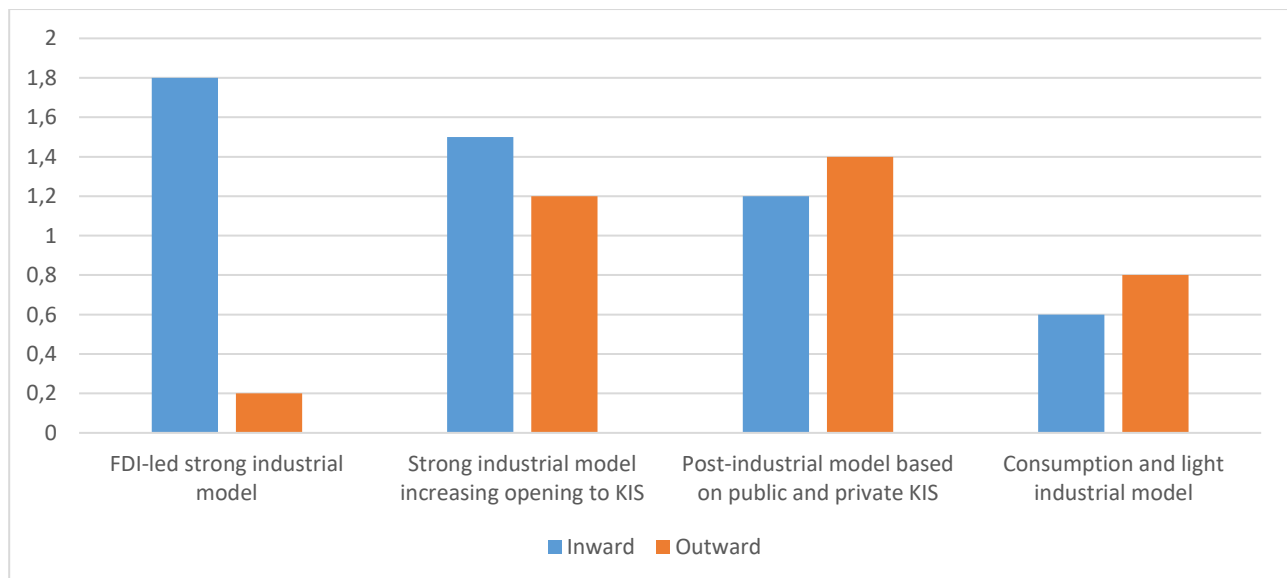
Figure 4.2 *Foreign direct investments: Outward and inwards FDI stocks (as % of GDP)*



Note: Netherlands, Belgium, Hungary and Ireland are not reported in the figure, given that their values are well above 100% of the GDP

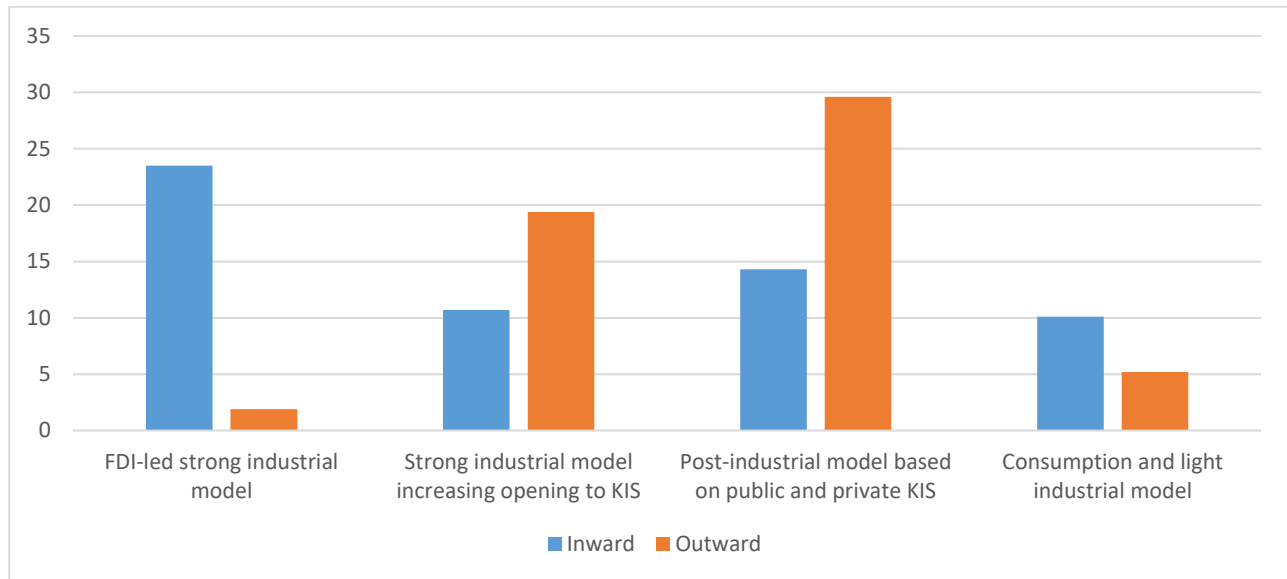
Source: Eurostat online database

Figure 4.3 Share of Multinationals on total number of Enterprises in the five European Clusters (2016)



Source: our elaboration on Oecd and Eurostat online databases

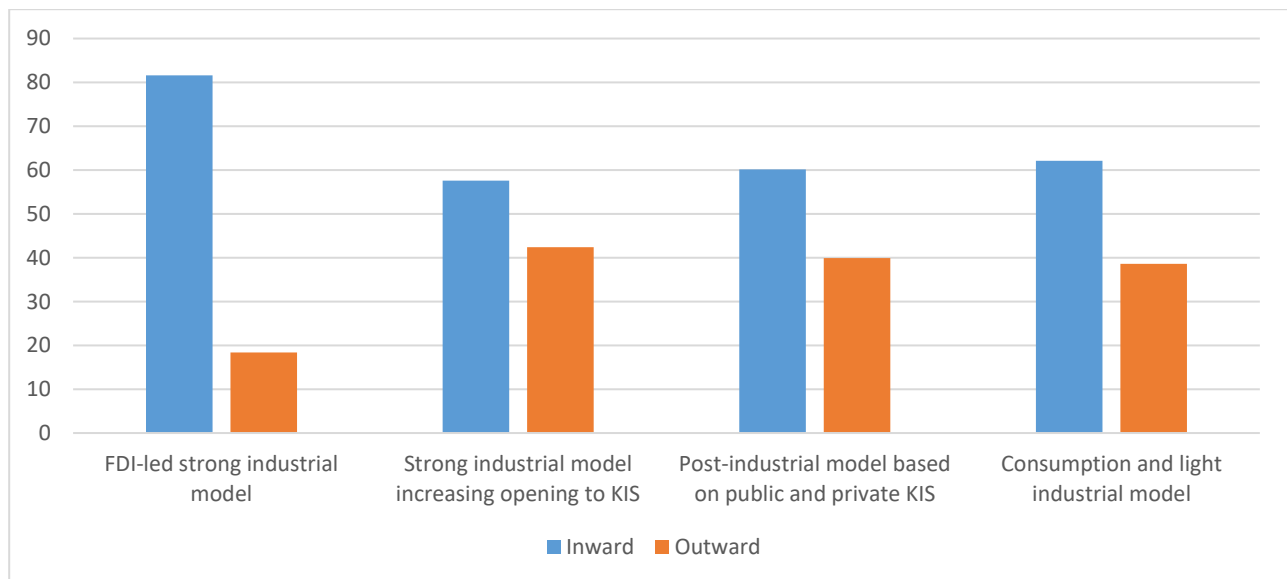
Figure 4.4 Share of number of employed people in Multinationals on total employment in the four European Clusters (2016)



Note: Data Outward not available for Italy and the Netherlands

Source: our elaboration on Oecd and Eurostat online databases

Figure 4.5 Share of enterprises by type of value chain (sourcing) in the four European Clusters (%) (2018)



Source: our elaboration on Eurostat online databases

Table 4.10 *Employers and workers' collective action in the EU over time*

	1990s	2010s
Employers' organisation density rate	75.5 ^a (74.6 ^b)	60.8 ^a (57.2 ^b)
Union's density rate	43.7 (37.2 ^c)	27.0 (26.8 ^c)
Sectoral organization of employment relations ^d	1.4	1.4
Number of Employers' Confederations	4.0	3.4
Effective Number of Union Confederations	2.3	2.6
Share of companies that are members of employer associations ^e		
- companies with at least 10 employees		26.2
- companies with 10-49 employees		24.3
- companies with 50-249 employees		37.4
- companies with 250+ employees		54.4

^a Workers and salaried employees in firms organised in employers' organisations as a proportion of all wage and salary earners in employment

^b Workers and salaried employees in private sector firms organised in employers' organisations as a proportion of all wage and salary earners employed in the private sector

^c Union density rate of private sector worker

^d 2 = strong institutions (both employers and unions, some joint institutions); 1 = medium (only one side, no joint institutions); 0 = weak, or none

^e Data from Eurofound European Company Survey (ECS) (2013)

Source: own elaboration on ICTWSS database (version 6.1) and Eurofound ECS microdata

Table 4.11 *Employers and workers' collective action in the clusters of European economies (average 2010-2017)*

	FDI-led strong industrial model	Strong industrial model increasing opening to KIS	Post-industrial model based on public and private KIS	Consumption and light industrial model
Employers' organisation density rate	50.5	65.2	74.8 (33.0 UK)	68.1
Union's density rate	13.2	22.9	44.4	27.5
Sectoral organization of employment relations	0.4	1.5	1.6	1.4
Number of Employers' Confederations	4.6	3	3.2	6
Effective Number of Union Confederations	2.9	1.8	2.8	3.0

Source: own elaboration on ICTWSS database (version 6.1)

Table 4.12 *Share of companies that are members of employer associations in the clusters of European economies (2013) (percentage among companies with the same size)*

	FDI-led strong industrial model	Strong industrial model increasing opening to KIS	Post-industrial model based on public and private KIS	Consumption and light industrial model
Companies with at least 10 employees	10.6	38.0	48.1	30.3
Companies with 10-49 employees	7.8	35.3	45.4	28.7
Companies with 50-249 employees	23.8	48.3	62.7	47.4
Companies with 250+ employees	42.3	61.3	74.6	68.2

Source: own elaboration on Eurofound ECS microdata

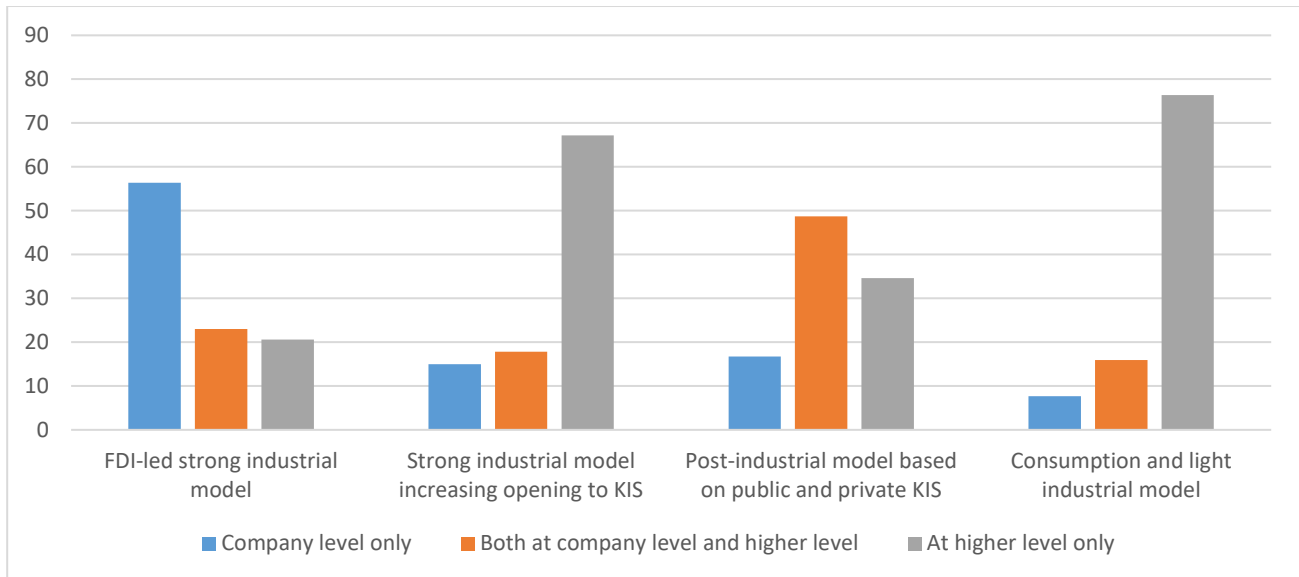
Table 4.13. Employers' organisations in the five countries under scrutiny

	Peak-level confederations	Role of Chambers
DK	DA and Danish Employers' ;Association for the Financial Sector (Finanssektorens Arbejdsgiverforening, FA	
DE	Federation of German Industries (Bundesvereinigung der Deutschen Industrie-BDI) and the Confederation of German Employers' Associations (Bundesvereinigung Deutscher Arbeitgeberverbände - BDA)	Chambers of industry and commerce (Industrie- und Handelskammern) with compulsory membership
IT	Confindustria, CNA, Confartigianato, and Confcommercio	
NL	VNO-NCW - Confederation of Netherlands Industry and Employers; MKB Nederland; LTO Nederland	

	General employers' association AAVN	
SK	The Federation of Employers' Associations of the Slovak Republic, The National Union of Employers, The Federation of Slovak Industrial and Transport Associations and The Association of Towns and Communities of Slovakia	

Source: own elaboration from the five country reports

Figure 4.6 *Employers collective bargaining actions. Percentage of employees covered by a collective agreement in the private sector in the four European Clusters (2019)*



Source: own elaboration on Oecd data