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ORIGINAL ARTICLE

# 'Americanization' and the drivers of the establishment and use of works councils in three post-socialist countries

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## Abstract

We question notions of the 'Americanization' of employment relations in Slovenia, Slovakia and Croatia. First, we examine the roles of unions, the use of US strategic approach to Human Resource Management (SHRM), and management perceptions of their organisations' innovativeness in the establishment of Works Council (WCs). Second, we employ the same variables in relation to the use of WCs for downward communication in these countries in comparison with what Amable (2003, https://doi.org/10.1093/019926113X.001.0001) terms the Continental European Coordinated Market Economy (CECME) of Austria, adding the CECMEs Germany and Norway as control variables. Union influence drives the adoption of WCs and their use for management downward communication. Hence, on our measures the three countries share features of the CECME category and have not been 'Americanized'.

**KEYWORDS**
comparative HRM, downward communication, institutional theory, unions, Works Councils

**Abbreviations:** CECME, Continental European Coordinated Market Economy; CEE, Central and Eastern Europe; CME, Coordinated Market Economy; EIF, European Industry Federation; HR, Human Resource; HRM, Human Resource Management; HQ, Head Quarter; I-PFP, Individualised Pay-For-Performance; JCC, Joint Consultative Committee; LME, Liberal Market Economy; MNC, Multi-National Companies; SHRM, Strategic Human Resource Management; VoC, Varieties of Capitalism; WC, Works Council; US, United States.

**Practitioner Notes**

**(1) Current knowledge:**

- **Unclarity about drivers of Works Councils (WC) in post-socialist countries**
- **Focus on detail of legal frameworks**
- **Post-socialist management hostile to unions and WC**
- **Post-socialist WC token bodies**

**(2) Our study adds:**

- **Legal frameworks are platforms for workplace agency**
- **Works Council incidence and use driven by union influence**
- **Post-socialist WC used for employee communication as in Austria**
- **Innovative work organisations make greater use of WC**

**(3) Implications of findings for practitioners:**

- **Works Council legislation is necessary but insufficient**
- **Governments need work organisation-level unions as enactors of legislation**
- **WC provide a communications vehicle for management**

## 1 | INTRODUCTION

Our primary purpose is to employ institutional theory to question notions of the 'Americanization' of employment relations (Cretu & Morrison, 2017; Meardi, 2013, p. 69) in Slovenia, Slovakia, and Croatia by assessing their proximity to Austria. Prior to Communism, these three post-socialist countries shared an institutional past with Austria, whose Works Council (WC) legislation has been a reference point for each of them, post socialism (Jevtic, 2012). Austria has strong business links with them.

Our analysis uses Amable's (2003) country analyses. Amable (2003, p. 20) accepts Hall and Soskice's (2001) distinction between Liberal Market Economies (LMEs) and Coordinated Market Economies (CMEs). Within the CME category, in addition to 'Mediterranean' and 'social-democratic' models, he distinguishes the neo-corporatist 'Continental European' ('CECME') model, encompassing Austria, Germany and 'the slightly separate case' of Norway. We base our analysis of the three post-socialist countries' institutional character on Austria with whom all have strong historical and contemporary links. We use the other CECMEs, Germany and Norway, as controls. We note that most analyses of post-socialist employment relations suggest significant divergence from European models. Managers allegedly practice a 'rejection of coordinated social relations and social dialogue' (Meardi, 2012, p. 26–27) with employees in precarious positions having insufficient confidence to request dialogue (Prosser, 2015).

We address our primary purpose in two ways. First, we analyse the adoption of WCs in our post-socialist countries as they are important facets of employer-employee relations in CMEs. Second, we examine WCs' use as conduits of downward communication. Our primary benchmark is that of Austria. As an additional benchmark in an initial analysis of WC existence we include Joint Consultative Committees (JCCs) found in the US. While somewhat analogous to WCs, unlike WCs, JCCs are not underpinned by legislation.

WCs are legally supported employee-elected bodies in workplaces and companies, established on employee and/or union request to represent all workers (Rogers & Streeck, 1995). Hall and Soskice (2001, p. 12) stress systematic variations in the international incidence and significance of such 'deliberative institutions', that structure firms' relationships with employees. In CMEs, WCs facilitate extensive information sharing on employer-employee interests and beliefs (Hall & Gingerich, 2004). Our post-socialist countries all had unions and non-union workplace-based worker representation driven from below before socialism (Haberl & Hoepken, 1983; Osers, 1983). In the 1990s, although union membership declined precipitately (Crouch, 2017), all enacted WC legislation so that WCs could be established

by workplace actors to defend workers' interests, monitor employment law compliance, make representations on workers' behalf, provide and receive information and 'co-determine' specified matters (Brewster et al., 2007).

We structure our study as follows. Initially, we introduce industrial relations literature on our post-socialist countries, contrasting it with literature taking a wider institutional perspective. Next, we analyse where WCs exist. Our subsequent section develops hypotheses, initially in relation to WC establishment. In a second analytic phase, we exclude all work organisations without WCs and examine our hypotheses with the remaining sample. This helps establish whether these three countries are akin to the CECME rather than the LME model. Our results should interest MNC managers considering investment in our countries, unions, and European Industry Federations (EIFs). EIFs' status would be weakened if their relevance to unions appeared reduced by Americanization (Croucher & Cotton, 2011).

## 1.1 | 'American' or 'European'

Industrial relations scholars frequently argue along 'Americanization' lines. Cretu and Morrison (2017) accept Meardi's 'Americanization' hypothesis. Pulignano and Arrowsmith (2013, p. 6) assert that in the EU's new member states, WCs are 'not important industrial relations actors'. Jevtic (2012) argues that most workplace union representative suspects them of contributing to union incorporation or substitution strategies and therefore oppose them. Where managers abandon communication with employees through WCs, as in Poland's 'failed experiment' (Skorupinská, 2018, p. 29), WCs become ineffective. These assessments question whether managers in post-socialist countries accept WCs as useful workplace institutions.

A minority school acknowledges the issues identified in these bleak accounts, but nuances them. It points to a consensus that worker attitudes have moved towards employee collectivism. Delteil and Kirov (2016) assert workers' 21st century awakening to their market position. Post-socialist unions accessed external resources to expand their organisational capabilities, participating in major developmental initiatives conducted by the EIFs and Global Union Federations, positively impacting their capacities (Croucher & Cotton, 2011). Continued union influence has been demonstrated in CEE economies at enterprise (Croucher & Rizov, 2012; Magda et al., 2012) and national levels (Myant, 2016).

Institutionalist analyses suggest that European models are more relevant to post-socialist economies than most industrial relations literature implies. Witt et al. (2018) extended the Varieties of Capitalism typology to these economies, labelling them 'European Peripheral Economies', distinct from CMEs and LMEs. They observe 'long-term average employment tenure in excess of 10 years, industrial unions with some admixtures of craft unions, bank-led financial systems mixing market and relationship criteria for credit allocation …as well as government effectiveness' (Witt et al., 2018, p. 24–25). These features suggest more commonalities with CMEs, particularly the CECME variant, than with LMEs. Fainshmidt et al. (2018, p. 316) designate them 'Collaborative Agglomerations' since they represent a novel form of the CME. These analyses pay little attention to WCs. However, Thelen and Kume (2006, p. 13) suggest that post-socialist managers view traditional modes of labour relations as providing resilience 'in the face of competitive pressures'.

Our analysis of WCs' incidence and quality as employee representative institutions creates a wider basis for institutional characterisation than any previously available.

## 1.2 | WCs frequency

WC coverage varies considerably between countries. In 2016, 91% of establishments in Austria with 500+ employees had WCs (EU, 2021). Over 90% of Austrian managers viewed WCs as performing constructive roles (Stadler & Allinger, 2017). Public data indicate that WC uptake in Slovenia, Slovakia and Croatia remains lower than in Austria but higher than in Germany (Ellgut & Kohaut, 2019). We are unable to locate WC data for Slovakia that controls for

size. Eurofound (2009) estimates that in Slovenia around 60% of large companies have WCs. For Croatia, a survey of private companies with 20+ employees showed that 45% had WCs (Horak & Dumančić, 2012).

### 1.3 | WC legislative frameworks

Drahokoupil and Kahancova (2017) argue that weak legal frameworks underpin strong exercise of management prerogative in post-socialist countries. Slovenian WCs have relatively stronger legal backing. In Slovenia, WC agreement to management initiatives is mandatory across many collective employment matters; independent arbitration is required where this fails (Crowley & Stanojević, 2011). WCs may appoint representatives to company supervisory boards (Waddington & Conchon, 2016, Appendix B, no pagination) and WCs in Slovenia 'approach Austrian and German-style co-determination' (Crowley & Stanojević, 2011, p. 273). However, major change and redundancy included in the Austrian system are excluded from Slovenian WCs' remit (Jevtic, 2012). Slovak and Croatian legislation is weaker: WCs have information rights, but co-determination has not existed in Slovakia since 2012 (Drahokoupil & Kahancova, 2017). In Croatia rights on redundancy included in the Austrian system do not exist (Jevtic, 2012).

Although Austria has stronger WC legislation than the three post-socialist countries (Stadler & Allinger, 2017), relational rather than legal factors are more important to WC operation. Mutual trust between works councillors and managers who communicate with employees through them (Kerkhof et al., 2003) is critical for their working. Thus, legal regulation constitutes a necessary but insufficient cause of WC variation across countries. Rather, employee and management agency at work organisation level is critical for WC foundation and operation (Harcourt et al., 2020).

## 2 | THEORY AND HYPOTHESES

Initially, we hypothesise factors conditioning WC establishment (H1a and 1b, H2 and H3). In addition to examining the roles of unions and Strategic HRM, we examine whether works organisations whose managers perceive them as being relatively innovative are more favourable to adopting WCs. A second set of five hypotheses (H4, H5a and 5b, H6 and H7) concerns management use of WCs for downward communication. Management use of WCs for downward communication on major issues has clear implications for the 'Americanization' argument. Downward communication through WCs has been repeatedly identified as key to effective WC functioning (Halgmann, 2019; Kotthoff, 1981, 1994). Lack of it implies lack of management trust in the WC (Ibid.). Its use is necessary for any WC to qualify as effective in Kotthoff's (1981) typology. It implies viable institutions likely to further the development of trust and cooperative long-term relationships. Consequent on its use, organisational benefits such as increased trust, willingness to train and invest in innovation may accrue (Addison et al., 2013; Allen & Aldred, 2011; Goyer et al., 2016; Wood & Allen, 2019). Allen and Funk (2008) show that WCs and collective bargaining encourage innovation. Thus, work organisations perceiving themselves as relatively innovative are more likely to use WCs.

### 2.1 | WC inception

Our first hypothesis examines the impact of work organisation-level union density and influence on WC inception. Institutional theory and considerable evidence alludes to union density and influence as antecedents of WC presence (Brewster et al., 2007; Halgmann, 2019; Kotthoff, 1981). Internationally, managements faced with unions seek fora in

which cooperative relations can be built (Brewster et al., 2007). Whether union density or influence is more central to management decisions on agreeing to WC formation is unclear.

We therefore propose:

**H1a** *In work organisations in Slovenia, Croatia and Slovakia, union density has a positive effect on the extent to which WCs are established.*

**H1b** *In work organisations in Slovenia, Croatia and Slovakia, union influence has a positive effect on the extent to which WCs are established.*

Our second hypothesis centres on whether management has adopted an American-style approach to labour management, viz. SHRM and how that influences WC adoption. SHRM originated in the US (Schuler & Jackson, 2005). SHRM is the process of managing people in organisations to maximise employee performance in meeting organisational objectives (Brewster et al., 2016). It requires HRM professionals' integration into organisational strategy-formation processes. It assumes that work organisations and managers have considerable autonomy to determine strategy and take appropriate actions. The exercise of management prerogative is therefore central to it. It constituted a reaction to personnel administration and to collective determination of pay and conditions (Brewster, 1995; Hendry & Pettigrew, 1990; Nordhaug, 1993). At SHRM's core (Tichy et al., 1984; Wright & McMahan, 1992) is the view that HRM managers are top management partners. Further, SHRM has central policy content such as direct communication with employees and individual performance related pay (Gooderham et al., 1999). Thus, in work organisations which have invested in establishing SHRM, management resistance to WCs is likely. We hypothesise that:

**H2** *In work organisations in Slovenia, Croatia and Slovakia, the adoption of SHRM has a negative effect on the extent to which WCs are established.*

At the core of Hall and Soskice's (2001) theory is the notion that LMEs specialise in radical innovation while CMEs specialise in incremental innovation. This claim has been 'widely contested' (Witt & Jackson, 2016, p. 779). Thus, Akkermans et al. (2009) found that while LMEs and CMEs constitute varieties of economies that represent quite diverse patterns of specialisation, results were quite heterogeneous across industries. Witt and Jackson (2016) found that while pure CMEs have comparative advantages in industries with incremental innovation, LMEs lack comparative advantages in industries with radical innovation. We therefore argue that radical innovation as well as incremental innovation is a feature of CMEs. In regard to CECMEs in particular, Amable (2003, p. 198) argued that 'a radical innovation path also demands a coordinating capacity and an ability to fund long-term projects with uncertain returns; these capabilities can be found in Continental European systems…'. Further, it is likely, as Thelen and Kume (2006, p. 13) suggest, that managers in these settings view their traditional mode of labour relations as a source of resilience. Thus, CECME managers tend to view WCs as supportive of innovation, whether incremental or radical.

In post-socialist economies, it is reasonable to suppose that those work organisations perceiving themselves as relatively innovative and who therefore have an innovation intention have at least some awareness of the role WCs play in Austria as well as other CECMEs such as Germany. Therefore, those work organisations in our post-socialist countries that pursue innovation are more likely to establish WCs.

**H3** *In work organisations in Slovenia, Croatia and Slovakia, the more innovative a work organisation perceives itself to be, the more likely it is to establish a WC.*

## 2.2 | The use of WCs for downward communication

Although little extensive research exists on WCs in Austria, Kotthoff (1994) and Halgmann (2019) suggest that for Germany once established, how successful WCs are as effective workplace governance institutions depends on internal management-employee relations far more than on legal detail. Indeed, 'legalism' by actors can serve as an obstruction (Kotthoff, 1994). Halgmann (2019, p. 58 and passim) found that the formal WC role as legally specified was no more than the starting point for successful WCs' actual workplace role. Thus, once WCs are introduced, the extent to which managements use them for downward communication derives from essentially relational motives. This causes us to suppose that while WC legal frameworks in Slovenia, Croatia and Slovakia are weaker than in Austria, strong management-works councillor social relations may develop in work organisations in these countries. Thus, moving into our second set of hypotheses, our general assumption is that once managements of work organisations in Slovenia, Croatia and Slovakia have accepted WCs, in general, there is no obvious case for supposing they will not be used for downward communication to the same degree as in Austria. Hence:

**H4** *In work organisations in Austria, Slovenia, Croatia and Slovakia with WCs, WCs are used for downward communication to a broadly similar extent by managements in each of the four countries.*

However, over and above this general assumption, we expect unions not only in Austria but also in the three post-socialist countries to promote use of WCs for downward communication. From unions' viewpoint, WCs offer access to information that they may otherwise lack (Brewster et al., 2007). We therefore propose:

**H5a** *In work organisations in Austria, Slovenia, Croatia and Slovakia with WCs, union density positively affects the use of WCs for downward communication.*

**H5b** *In work organisations in Austria, Slovenia, Croatia and Slovakia with WCs, union influence positively affects the use of WCs as channels for downward communication.*

As discussed in the lead-in to H2, managements practicing SHRM will tend to resist WC introduction. Nevertheless, we cannot preclude that some work organisations in Austria and the three post-socialist countries with SHRM may have accepted WCs at some point. In these organisations, managers with strong SHRM mandates will aim at direct manager-employee communication and will therefore avoid using WCs for downward communication. We therefore hypothesise:

**H6** *In work organisations in Austria, Slovenia, Croatia and Slovakia with WCs, SHRM negatively affects the use of WCs for downward communication.*

## 2.3 | Innovation and use of WCs for downward communication

In connection with H3, we argued that within CECMEs such as Austria managers regard WCs as advantageous for promoting the conditions that underpin both radical and incremental innovation. We further argued that managers of work organisations in the three post-socialist countries with innovation orientations will take a similar view. It, therefore, seems reasonable to suppose that among those work organisations that have established WCs, it is the managers of the most innovative work organisations both in Austria and in the post-socialist countries that are most active in using WCs as conduits for downward communication. We therefore hypothesise:

**H7 In** *work organisations in Austria, Slovenia, Croatia and Slovakia with WCs, the more innovative a work organisation perceives itself to be, the more likely it is to use WCs for downward communication.*

# 3 | METHOD

## 3.1 | Data and sample

Our data are from the Cranet 2015 survey, covering a wide range of HR policies and practices at enterprise level. Cranet is a regular international comparative survey of organisational policies and practices on HRM (Brewster et al., 2004; Parry et al., 2020). Respondents are the highest-ranking managers responsible for HRM. The 2015 questionnaire was developed through an iterative process between Cranet members, with experience of running surveys since 1990. The Cranet representative in each country distributed the survey instrument to work organisations with at least 100 employees. Removing agricultural organisations and controlling for public service organisations we had usable data on 856 work organisations across four countries. The relationship in our sample between Austria and the post-socialist countries as a group is broadly consistent with the national statistics.

When we examine the antecedents of the adoption of WCs in Slovenia, Croatia, and Slovakia only, the total number of work organisations is 629. In our analysis of the use by management of WCs for downward communication in the same countries, Austria and the two control countries, only work organisations with WCs were included, providing us with a sample of 852.

## 3.2 | Variables

The first dependent variable, WC presence, is dichotomous. Respondents were asked if the organisation had a WC or Joint Consultative Committee (Yes = 1 and No = 0). Ratings of 1 mean that organisations have a WC or equivalent. The second dependent variable is the use of downward communication through WCs by management. The question is: to what extent do you use WCs to communicate major issues to your employees on a Likert scale from not at all = 0 to a very great extent = 4.

Our first independent variable is designed to assess union density within organisations. The question was: What proportion of the total number of employees in your organisation are members of a trade union? Work organisations were divided into 6 categories. 0% = 0, 1–10% = 1, 11–25% = 2, 26–50% = 3, 51–75% = 4 and 76–100% = 5. Our second independent variable measures union influence. The question on a 5-point Likert scale from not at all = 0 to a very great extent = 4, is to what extent do unions influence your organisation? Ratings of 4 mean that organisations have substantial union influence.

Our analysis contains three measures of SHRM. The first assesses the use of direct communication, that is, whether managers, professionals, clericals and/or manual employees are briefed on issues of business strategy, financial performance and work organisation. We created a ten-point scale, with nine indicating that managers, professionals, and clerical and/or manuals had been fully briefed on these three issues, and zero indicating no briefing at all on any of the three issues. Cronbach's alpha is relatively high at 0.83.

Our second measure of SHRM is the implementation of individualised pay-for-performance (I-PFP). This is derived from responses to three questions that produce seven dichotomous items on the use of individualised performance measurement and reward systems. The questions ask: 'Do you have formal appraisal system?' for each of the following categories of the workforce: managers, professionals without managerial responsibility, and clerical staff and/or manual workers. 'Are you offered individual performance related pay?' for each of managers, professionals, clerical staff, and/or manual workers. The final question asks 'Is the appraisal data used to inform pay decisions?' The responses to these questions are all dichotomous, that is, yes or no, and the responses are used to create an index reflecting the individual work organisation's commitment to I-PFP. This scale models I-PFP as a latent variable, which is assumed to be measured by the seven dichotomous items with error. The scale has acceptable reliability (Cronbach's alpha = 0.80) Thus, it is valid to aggregate the seven items into a single scale representing level of I-PFP adoption.

Our third indicator of SHRM concerns the HR function and the degree to which it plays a strategic role. This measure is based on a composite index consisting of eight questions. The first is whether the organisation has a HRM department (Yes = 1; No = 0). The second asks if the person responsible for HR has a place on the board or equivalent top executive team (Yes = 1; No = 0). The third asks if the organisation has a business/service strategy, and at what stage is the person responsible for personnel/HRM involved in its development? This question uses a four-point scale (from the outset = 3, through subsequent consultation = 2, on implementation = 1, not consulted = 0). We then use five questions focussing on who has primary responsibility for major policy decisions on the following issues: (a) pay and benefits, (b) recruitment and selection, (c) training and development, (d) industrial relations, and (e) workforce expansion/reduction. These questions are scored on a four-point scale (line management = 1, line management in consultation with HRM department = 2, HRM department in consultation with line management = 3, HRM department = 4). The sum of the responses to these questions is used to form an index ranging from 0 (HR function has low degree of strategic role) to 25 (HR function has high degree of strategic role). Cronbach's alpha is relatively high at 0.70.

Our measure of a work organisation's degree of innovation is a single item, self-reported measure that used the question, 'Compared to other organisations in your sector, how would you rate the innovation of your organisation?' Thus, we measure the perception a work organisation has of its relative innovativeness. The question is scored on a five-point scale (Poor or at the low end of the industry = 1, Below average = 2, Average or equal to the competition = 3, Better than average = 4, Superior = 5).

In our analyses of both the establishment and use of WCs, we also control for work organisation size, foreign ownership, and sector. Work organisation size is operationalised as the natural log of the total number of employees, to avoid any potential disproportionate influence from a few very large work organisations and to normalise the variable's distribution. In regard to foreign ownership, we control for local as opposed to foreign ownership, distinguishing organisations by whether they are locally headquartered, headquartered in CMEs or other market economies. In sectoral terms, we distinguish between commercial public services, and private-sector manufacturing, financial services, and all other services with the latter as the reference category.

### 3.3 | Analyses

Prior to hypothesis testing, we conducted a reliability analysis to confirm that Cronbach's alpha values are at or above 0.70 as recommended by Nunnally (1978). Second, we conducted descriptive analysis of the variables (see Table 1 for H1–H3 and Table 3 for H4–H7).

Third, in Figures 1 and 2, we present respectively proportions and means for the adoption of WCs and their use for downward communication. While the proportions of work organisations that have adopted WCs in the three post-socialist countries are lower than for Austria, Germany and Norway they are markedly higher than the adoption of JCCs in the US. This provides an indication of these countries closer proximity to CECMEs to that of the US. In Figure 2, there is a clear indication that the use of WCs for downward communication is roughly at the same level for the post-socialist countries and the three CECMEs indicating that for all countries once adopted WCs are generally used. See Appendix A for bar charts of the independent variables.

## 4 | RESULTS

In order to test H1–H3, we conducted a logistic regression, results are presented in Table 2.

In model 1, the control variables were entered. We note in model 1 that work organisation size ($b = 0.48$, SE = 0.10, $p < 0.001$) and manufacturing ($b = 1.01$, SE = 0.24, $p < 0.001$) mean a greater likelihood of having WCs. In industry terms, larger manufacturing plants are WCs' 'natural home'. In model 2, the two country-level variables Slovenia and Croatia did not show greater likelihood of encountering WCs compared to Slovakia. In model 3, we test H1a and find

**TABLE 1** Descriptive statistics and correlations of variables-antecedents of WCs ($N = 629$) in Slovenia, Croatia and Slovakia

| Variable | *N* | *M* | *SD* | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. Firm size (log) | 627 | 5.76 | 1.17 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2. HQ local | 556 | 0.70 | 0.46 | −0.10* | - | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3. HQ CME | 556 | 0.22 | 0.41 | 0.07 | −0.82** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4. HQ LME | 556 | 0.02 | 0.15 | 0.09* | −0.24** | −0.08 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5. HQ other | 556 | 0.05 | 0.23 | 0.02 | −0.37** | −0.13** | −0.04 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6. Manufacturing | 567 | 0.29 | 0.46 | 0.07 | −0.05 | 0.04 | −0.02 | 0.04 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7. Fin. services | 567 | 0.10 | 0.30 | −0.01 | −0.17** | 0.16** | −0.05 | 0.08 | −0.22** | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8. Public services | 567 | 0.13 | 0.33 | −0.16** | 21** | −0.19** | −0.06 | −0.04 | −0.24** | −0.13** | - | - | - | - | - | - | - | - | - | - | - | - |
| 9. Other services | 567 | 0.48 | 0.50 | 0.05 | 0.01 | −0.01 | 0.09* | −0.05 | −0.62** | −0.32** | −0.37** | - | - | - | - | - | - | - | - | - | - | - |
| 10. Slovenia | 629 | 0.33 | 0.47 | −0.12** | 0.23** | −0.16** | −0.09* | −0.12** | 0.02 | −0.13** | 0.34** | −0.17** | - | - | - | - | - | - | - | - | - | - |
| 11. Croatia | 629 | 0.27 | 0.44 | 0.27** | 0.10* | −0.02 | −0.07 | −0.10* | −0.02 | −0.07 | −0.14** | 0.15** | −0.43** | - | - | - | - | - | - | - | - | - |
| 12. Slovakia | 629 | 0.40 | 0.49 | −0.13** | −0.29** | 0.16** | 0.15** | 0.20** | 0.00 | 0.18** | −0.17** | 0.01 | −0.58** | −0.49** | - | - | - | - | - | - | - | - |
| 13. Density | 625 | 1.40 | 1.59 | 0.25** | 0.24** | −0.20** | −0.07 | −0.06 | 0.07 | −0.11* | 0.10* | −0.07 | 0.07 | 0.34** | −0.37** | - | - | - | - | - | - | - |
| 14. Influence | 627 | 1.20 | 1.31 | 0.29** | 0.14** | −0.14** | −0.01 | −0.03 | 0.08 | −0.11* | 0.06 | −0.05 | −0.06 | 0.33** | −0.24** | 0.73** | - | - | - | - | - | - |
| 15. Direct com. | 627 | 4.82 | 2.87 | 0.14** | −0.27** | 0.20** | 0.12** | 0.11** | −0.01 | 0.14** | −0.30** | 0.12** | −0.69** | 0.34** | 0.35** | 0.11** | 0.17** | - | - | - | - | - |
| 16. Ind P-F-P | 584 | 4.11 | 2.26 | 0.07 | −0.21** | 0.16** | 0.03 | 0.10* | 0.14** | 0.08 | −0.11** | −0.10* | 0.15** | −0.10* | −0.05 | −0.03 | 0.01 | 0.19** | - | - | - | - |
| 17. HR function | 627 | 13.84 | 5.20 | 0.23** | −0.19** | 0.15** | 0.09* | 0.05 | 0.03 | 0.08 | −0.10* | −0.02 | 0.15** | −0.07 | −0.08* | 0.05 | 0.07 | 0.07 | 0.35** | - | - | - |
| 18. Innovation | 483 | 3.47 | 0.96 | 0.08 | −0.18** | 0.14** | 0.12* | 0.02 | −0.03 | 0.05 | −0.08 | 0.05 | −0.14** | 0.03 | 0.09* | −0.22** | −0.15** | 0.15** | 0.12** | 0.05 | - | - |
| 19. Work council | 628 | 0.52 | 0.50 | 0.22** | −0.02 | 0.01 | 0.04 | 0.00 | 0.22** | −0.04 | −0.10* | −0.12** | −0.13** | 0.10* | 0.04 | 0.35** | 0.36** | 0.21** | 0.07 | 0.11** | 0.03 | - |

Abbreviations: CME, Coordinated Market Economy; HQ, Head Quarter; HR, Human Resource; LME, Liberal Market Economy; WC, Works Council.

*$p < 0.05$; **$p < 0.01$.

**TABLE 2** Hierarchical logistic regression analyses: WC existence

| | Works councils | | | 95% C.I for exp (b) | | |
|---|---|---|---|---|---|---|
| | Model 1 b (se) | Model 2 b (se) | Model 3 b (se) | Exp(b) | Lower | Upper |
| Constant | −2.66**(0.57) | −2.68**(0.58) | −3.51**(0.78) | 0.030 | - | - |
| Control variables: | | | | | | |
| Firm size (log) | 0.48**(0.10) | 0.46**(0.10) | 0.27*(0.11) | 1.312 | 1.058 | 1.627 |
| Foreign ownership: (Local as ref.) | | | | | | |
| CME (i.e., Germany and France) | −0.15 (0.25) | −0.11 (0.25) | 0.02 (0.28) | 1.020 | 0.594 | 1.752 |
| LME (i.e., US, UK and Canada) | 0.43 (0.73) | 0.54 (0.74) | 0.38 (0.77) | 1.468 | 0.324 | 6.658 |
| Other (i.e., Africa, China and India) | −0.44 (0.42) | −0.36 (0.43) | −0.48 (0.46) | 0.619 | 0.253 | 1.517 |
| Sector: (services as reference) | | | | | | |
| Manufacturing | 1.01**(0.24) | 1.00**(0.24) | 1.01**(0.26) | 2.756 | 1.658 | 4.580 |
| Financial services | 0.22 (0.34) | 0.25 (0.34) | 0.21 (0.37) | 1.239 | 0.606 | 2.532 |
| Public services | 0.25 (0.36) | 0.17 (0.37) | 0.04 (0.41) | 1.040 | 0.470 | 2.303 |
| Independent variables: | | | | | | |
| Countries (Slovakia as reference) | | | | | | |
| Slovenia | - | 0.24 (0.27) | −0.22 (0.38) | 0.802 | 0.385 | 1.672 |
| Croatia | - | 0.13 (0.25) | −0.50 (0.29) | 0.604 | 0.344 | 1.062 |
| Union density | - | - | 0.35**(0.11) | 1.416 | 1.140 | 1.757 |
| Union influence | - | - | 0.30*(0.12) | 1.352 | 1.061 | 1.723 |
| Direct communication | - | - | 0.05 (0.06) | 1.051 | 0.939 | 1.176 |
| Pay-for-performance | - | - | −0.02 (0.05) | 0.981 | 0.884 | 1.090 |
| HR function | - | - | 0.02 (0.02) | 1.024 | 0.976 | 1.074 |
| Innovation | - | - | 0.24*(0.12) | 1.274 | 1.011 | 1.606 |
| $\chi^2$, df | 48.812**, 7 | 49.614**, 9 | 102.015**, 15 | - | - | - |
| −2 log likelihood | 586.232 | 585.429 | 533.029 | - | - | - |
| Cox and Snell $R^2$ | 0.099 | 0.101 | 0.196 | - | - | - |
| Nagelkerke $R^2$ | 0.133 | 0.135 | 0.264 | - | - | - |

*Note*: Unstandardised regression coefficients are shown (Standard error). $N = 468$. All Countries included in analyses: Slovenia, Croatia, and Slovakia (reference).

Abbreviations: CME, Coordinated Market Economy; LME, Liberal Market Economy; HR, Human Resource; WC, Works Council.

*$p < 0.05$; **$p < 0.01$.

that union density significantly impacts WCs existence ($b = 0.35$, SE = 0.11, $p < 0.01$). Thus, we find support for Hypothesis 1a. Model 3 also enables us to test H1b, that significant union influence predicted WCs ($b = 0.30$, SE = 0.12, $p < 0.02$). Thus, we find support for Hypothesis 1b. Furthermore, in model 3 we test H2 and find that none of our three SHRM measures have any impact on the establishment of WCs. Thus, we find no support for Hypothesis 2. Finally, in model 3, we test H3 and find that innovation significantly influences the establishment of WCs ($b = 0.24$, SE = 0.12, $p < 0.05$). Thus, we find support for Hypothesis 3.

In order to test H4–H7, we employ a regression analysis, the results are presented in Table 4.

In model 1, we enter the control variables and observe that financial service work organisations ($b = -0.35$, SE = 0.16, $p < 0.03$) are significantly less likely to use their WCs for downward communication than the reference category 'other service' private-sector organisations. Model 2 provides an initial test of H4. In relation to Austria, the

**TABLE 3** Descriptive statistics and correlations of variables-organisations with WCs ($N$ = 852) in Austria, Slovenia, Croatia, Slovakia, Germany, and Norway

| Variable | N | M | SD | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. Firm size (log) | 848 | 6.30 | 1.30 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2. HQ local | 852 | 0.75 | 0.44 | 0.01 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3. HQ CME | 852 | 0.17 | 0.38 | 0.00 | −0.78** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4. HQ LME | 852 | 0.04 | 0.21 | 0.02 | −0.37** | −0.10** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5. HQ other | 852 | 0.02 | 0.14 | −0.03 | −0.25** | −0.07 | −0.03 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6. Manufac-turing | 843 | 0.33 | 0.47 | 0.01 | −0.15** | 0.11** | 0.11** | 0.04 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7. Fin. services | 843 | 0.11 | 0.31 | 0.05 | −0.07* | 0.08* | −0.06 | 0.06 | −0.24** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8. Public services | 843 | 0.17 | 0.38 | −0.02 | 0.21** | −0.20** | −0.09* | −0.03 | −0.32** | −0.16** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9. Other services | 843 | 0.39 | 0.49 | −0.03 | 0.03 | 0.00 | 0.00 | −0.05 | −0.56** | −0.28** | −0.37** | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10. Austria | 852 | 0.21 | 0.41 | 0.09** | 0.04 | −0.04 | −0.03 | −0.08* | −0.07* | 0.02 | 0.13** | −0.05 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11. Slovenia | 852 | 0.10 | 0.31 | −0.10** | 0.06 | −0.07* | −0.07* | −0.05 | 0.03 | −0.08* | 0.06 | −0.03 | −0.18** | - | - | - | - | - | - | - | - | - | - | - | - |
| 12. Croatia | 852 | 0.12 | 0.32 | 0.03 | 0.00 | 0.06 | −0.06 | −0.03 | 0.03 | −0.07 | −0.14** | 0.12** | −0.19** | −0.12** | - | - | - | - | - | - | - | - | - | - | - |
| 13. Slovakia | 852 | 0.16 | 0.37 | −0.18** | −0.22** | 0.15** | 0.03 | 0.29** | 0.06 | 0.08* | −0.13** | 0.00 | −0.23** | −0.15** | −0.16** | - | - | - | - | - | - | - | - | - | - |
| 14.Germany | 852 | 0.27 | 0.44 | 0.17** | 0.08* | −0.10** | 0.10* | −0.07* | 0.11** | 0.04 | −0.05 | −0.10** | −0.31** | −0.21** | −0.22** | −0.26** | - | - | - | - | - | - | - | - | - |
| 15. Norway | 852 | 0.14 | 0.35 | −0.09* | 0.02 | 0.02 | −0.01 | −0.06 | −0.19** | −0.03 | 0.13** | 0.10** | −0.21** | −0.14** | −0.15** | −0.18** | −0.25** | - | - | - | - | - | - | - | - |
| 16. Density | 849 | 2.06 | 1.72 | 0.08* | 0.13** | −0.12** | −0.03 | −0.07 | 0.02 | −0.15** | 0.16** | −0.04 | 0.07* | 0.09** | 0.17** | 0.30** | −0.23** | 0.28** | - | - | - | - | - | - | - |
| 17.Influence | 848 | 1.70 | 1.29 | 0.20** | 0.11** | −0.11** | −0.02 | −0.04 | −0.02 | −0.13** | 0.11** | 0.01 | −0.07* | 0.03 | 0.17** | −0.20** | −0.06 | 0.20** | 0.53** | - | - | - | - | - | - |
| 18. Direct comm. | 849 | 6.33 | 2.45 | 0.09** | −0.09** | −0.08* | 0.11** | 0.02 | −0.02 | 0.12** | −0.12** | 0.04 | 0.06 | −0.49** | 0.05 | −0.03 | 0.12** | 0.20** | 0.06 | 0.04 | - | - | - | - | - |
| 19. Ind. P-F-P | 852 | 3.81 | 2.32 | 0.13** | −0.23** | 0.18** | 0.12** | 0.07 | 0.15** | 0.15** | −0.28** | −0.02 | −0.11** | 0.17** | −0.01 | 0.06 | 0.05 | −0.14** | −0.10** | −0.02 | 0.12** | - | - | - | - |
| 20. HR function | 851 | 15.44 | 4.41 | 0.19** | −0.13** | 0.09** | 0.08* | 0.01 | 0.03 | 0.08* | −0.03 | −0.06 | −0.01 | 0.02 | −0.17** | −0.11** | 0.06 | 0.19** | 0.13** | 0.12** | 0.18** | 0.22** | - | - | - |
| 21. Innova-tion | 718 | 3.54 | 0.92 | 0.04 | −0.10** | 0.09* | 0.06 | −0.01 | 0.06 | −0.07 | 0.02 | −0.03 | 0.09* | −0.09* | −0.02 | 0.05 | −0.05 | 0.01 | −0.11** | −0.07 | 0.13** | 0.07 | 0.02 | - | - |
| 22. Down. Comm. | 841 | 1.93 | 1.25 | 0.05 | 0.04 | −0.03 | −0.02 | −0.07* | 0.10** | −0.13** | 0.01 | −0.02 | −0.07 | 0.12** | 0.12** | −0.16** | −0.07* | 0.12** | 0.24** | 0.30** | −0.01 | −0.03 | 0.05 | 0.05 | - |

Abbreviations: CME, Coordinated Market Economy; HQ, Head Quarter; HR, Human Resource; LME, Liberal Market Economy; WC, Works Council.

*$p < 0.05$; **$p < 0.01$.

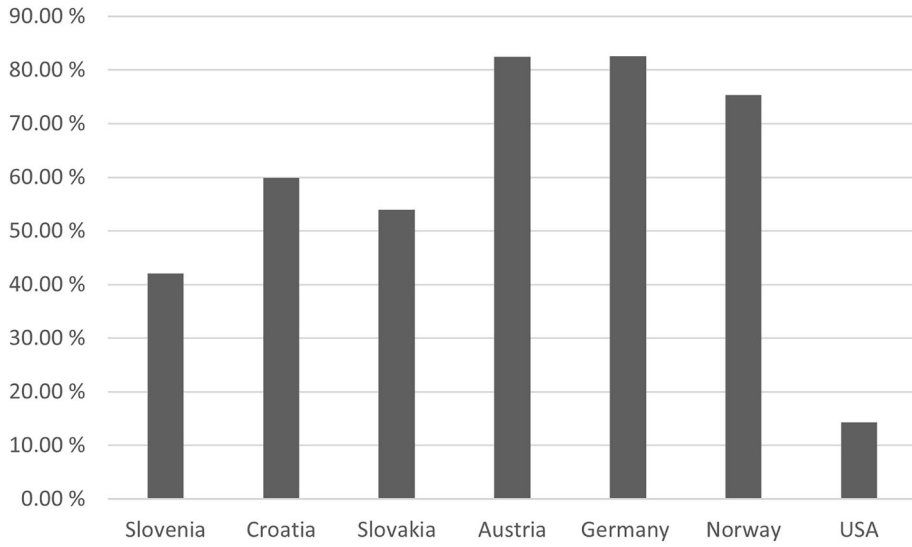


**FIGURE 1** Percentage proportion of work organisations with WCs in Slovenia, Croatia, Slovakia, Austria, Germany, Norway, and JCCs in the US. JCCs, Joint Consultative Committee; WC, Works Council

reference country, Slovenia ($b = 0.58$, SE = 0.15, $p < 0.01$), Croatia ($b = 0.43$, SE = 0.15, $p < 0.01$), and Slovakia ($b = -0.35$, SE = 0.14, $p < 0.02$) are significantly different in terms of the use of WCs for downward communication. In comparison with their counterparts in Austria, management in work organisations in Slovenia and Croatia are significantly more likely to use them for downward communication. In Slovakia, management uses them significantly less. However, as we add Germany in model 3, and Norway in model 4, Slovakia does not appear to be significantly different to Austria. Even in model 5 both Croatia and Slovenia remain significantly more likely to use WCs for downward communication than Austria. Thus, H4 receives mixed support.

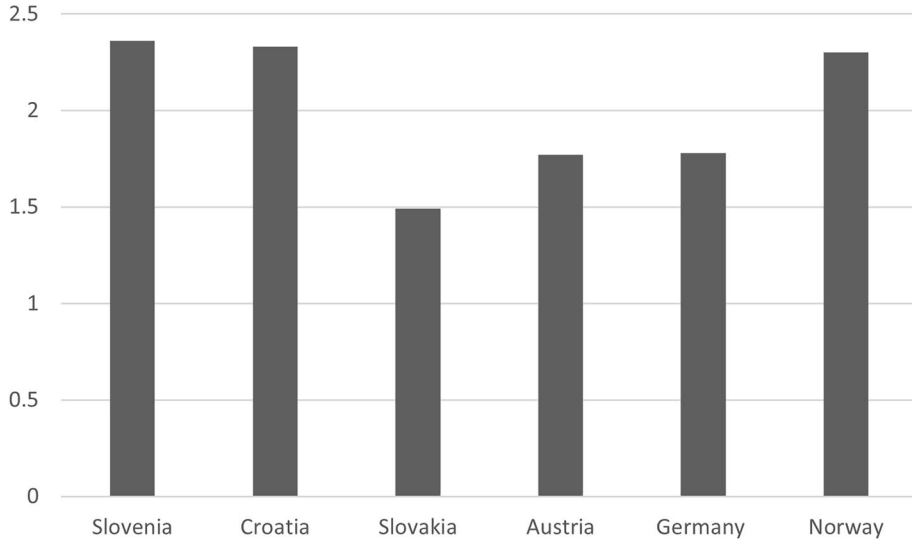


**FIGURE 2** Use of WCs for Downward Communication (means). Note. Use of Downward Communication was scored on a scale from 'not at all' = 0 to 'a very great extent' = 4. WC, Works Council

**TABLE 4** Use of WCs for management-employee downward communication

| | Downward communication | | | | |
|---|---|---|---|---|---|
| | **Model 1 b (se)** | **Model 2 *b* (se)** | **Model 3 *b* (se)** | **Model 4 *b* (se)** | **Model 5 *b* (se)** |
| Constant | 1.57**(0.24) | 1.50**(0.25) | 1.53**(0.25) | 1.23**(0.27) | 0.69*(0.35) |
| Control variables: | | | | | |
| Firm size (log) | 0.06 (0.04) | 0.05 (0.04) | 0.06 (0.04) | 0.07 (0.04) | 0.02 (0.04) |
| Foreign ownership: (Local as ref.) | | | | | |
| CME (i.e., Germany, France) | −0.11 (0.12) | −0.03 (0.12) | −0.05 (0.12) | −0.09 (0.12) | 0.00 (0.12) |
| LME (i.e., US, UK, Canada) | −0.20 (0.21) | −0.05 (0.21) | −0.04 (0.21) | −0.07 (0.21) | −0.05 (0.21) |
| Other (i.e., Africa, China, India) | −0.44 (0.31) | −0.08 (0.32) | −0.08 (0.32) | −0.11 (0.32) | −0.12 (0.31) |
| Sector: (services as reference) | | | | | |
| Manufacturing | 0.20 (0.11) | 0.19 (0.11) | 0.21 (0.11) | 0.26*(0.10) | 0.21*(0.11) |
| Financial services | −0.35*(0.16) | −0.25 (0.15) | −0.25 (0.15) | −0.21 (0.15) | −0.08 (0.15) |
| Public services | −0.04 (0.16) | −0.07 (0.15) | −0.07 (0.15) | 0.03 (0.16) | −0.04 (0.15) |
| Countries (Austria as reference) | | | | | |
| Slovenia | - | 0.58**(0.15) | 0.52**(0.16) | 0.69**(0.17) | 0.73**(0.20) |
| Croatia | - | 0.43**(0.15) | 0.37*(0.16) | 0.56**(0.17) | 0.36*(0.17) |
| Slovakia | - | −0.35*(0.14) | −0.41**(0.15) | −0.22 (0.16) | −0.10 (0.16) |
| Germany | - | - | −0.13 (0.12) | 0.03 (0.13) | 0.08 (0.13) |
| Norway | - | - | - | 0.51**(0.18) | 0.29 (0.18) |
| Independent variables: | | | | | |
| Union density | - | - | - | - | 0.04 (0.03) |
| Union influence | - | - | - | - | 0.23**(0.04) |
| Direct communication | - | - | - | - | 0.02 (0.02) |
| Individual pay-for-performance | - | - | - | - | −0.03 (0.02) |
| HR function | - | - | - | - | 0.00 (0.01) |
| Innovation | - | - | - | - | 0.11*(0.05) |
| Adjusted $R^2$ | 0.014 | 0.057 | 0.057 | 0.067 | 0.153 |
| $\Delta R^2$ | 0.024 | 0.046 | 0.002 | 0.011 | 0.070 |
| *F* | 2.438* | 5.224** | 4.855** | 5.187** | 6.829** |
| $\Delta F$ | 2.438* | 11.466** | 1.159 | 8.271** | 9.357** |

*Note*: Unstandardised regression coefficients are shown (Standard error).

Abbreviations: CME, Coordinated Market Economy; LME, Liberal Market Economy; HR, Human Resource; WC, Works Council.

$N = 699$.*$p < 0.05$; **$p < 0.01$.

Model 5 also enables us to test our other hypotheses. The model indicates that union density does not significantly affect the use of WCs for downward communication. Thus, H5a is not supported. However, H5b, that high union influence is associated with a greater likelihood of having WCs that are used for downward communication, is supported ($b = 0.23$, SE = 0.04, $p < 0.001$). Model 5 also enables a test of H6, that is, that SHRM is associated with less likelihood of WCs being used for downward communication. None of the three measures of SHRM has any significant impact on the use of WCs. Therefore, H6 is not supported. Finally, we examined H7 and found that innovation is significantly associated with the likelihood of WCs being used for downward communication ($b = 0.11$, SE = 0.05, $p < 0.03$) thereby supporting H7.

In terms of our control variables over and above Germany and Norway, we note that larger work organisations are more likely to establish WCs, but that size has no bearing on their use. We further observe that work organisations within manufacturing are both more likely to establish WCs and to use them for downward communication.

## 5 | DISCUSSION AND CONCLUSIONS

The main aim of our study has been to question the notion of 'Americanization' of employment relations in Slovenia, Slovakia and Croatia. We have examined the degree to which unions influence the establishment and use of WCs. We have also considered SHRM's possible role in hindering their creation, and the part played by work organisations' self-estimate of their innovativeness.

We found that despite permissive legislation supportive of WCs in the post-socialist countries, those work organisations in which managers have to take into account unions' density or influence are significantly more likely to have established WCs. Another factor promoting WC adoption is the degree to which managers of work organisations perceive them as innovative. SHRM plays no role.

In terms of using WCs for downward communication, the degree of union influence clearly matters. This agency-related concept is an important driver of WCs' active use, rather than union density. This finding contrasts with Vernon (2006) who argues that union density and influence are interchangeable proxies in terms of their influence on management. Unions, therefore, positively impacted information management-worker asymmetries through their institution-building activity. This suggests an embryonic CECMC model rather than an LME model in those particular post-socialist work organisations.

Another factor in the use of WCs for downward communication is the degree to which managers of work organisations view them as innovative. This applies across the three post-socialist countries, and the CECME, Austria, (as well as the two CECME control variables, Germany and Norway). SHRM plays no role.

In the second analytic phase, we investigated whether there are national differences in how far managers in work organisations with WCs use them for downward communication. In comparison with their counterparts in Austria (as well as in Germany and Norway), we found no evidence that management in the three post-socialist countries use WCs for downward communication to a lesser degree than Austria (or Germany and Norway). Indeed, in the cases of Slovenia and Croatia work organisations with WCs are even more likely to use WCs for downward communication.

Our findings add a workplace industrial relations institutional dimension to Lane's (2009, p. 35) and Lane and Myant's (2009, p. 6) arguments that Slovenia and Slovakia 'are likely to identify with the continental European system' or, like Croatia, are 'evolving towards' that model rather more than some other post-socialist countries. Our research shows that substantial institutionalised employee interest representation driven by unions exists in significant parts of these economies.

Overall, our findings cast a rather more positive light on 'social dialogue' at workplace level in post-socialist countries than the majority critical/skeptical strand within industrial relations literature (Cretu & Morrison, 2017; Eurofound, 2009; Meardi, 2012; Pulignano & Arrowsmith, 2013). A sizeable segment of managements, particularly those centred on large-scale manufacturing, is clearly not entirely hostile to adopting the WC as a workplace institution. These managements conform more closely to the CECMEs than the sceptics allow. How far managements use WCs for downward communication in the three post-socialist countries is contingent on the same factors as the CECMEs, Austria (and Germany and Norway).

Our contribution has been to show that in so far as WCs are concerned these countries are at least partially congruent with CECMEs. Our findings thus supply work organisation-level support for Fainshmidt et al.'s (2018, p. 316) notion of them as 'Collaborative Agglomerations', or novel forms of the CME. More precisely, we view them as more congruent with CECMEs than LMEs. Characterisation of their industrial relations as becoming 'Americanized' is therefore questionable. Future research needs to address the generalisability of our findings to other post-socialist

countries. It may be the case that the three post-socialist countries we have examined are different to others in that they share a common institutional heritage laid before the socialist era with that of Austria (Good, 1984).

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## CONFLICT OF INTEREST

The authors reported no potential conflict of interest.

## DATA AVAILABILITY STATEMENT

The data that support the findings of this study are available from the corresponding author upon reasonable request.

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## APPENDIX A: DESCRIPTIVE STATISTICS OF INDEPENDENT STUDY VARIABLES

See Appendix A for bar charts of the independent variables (Figures A1–A5).

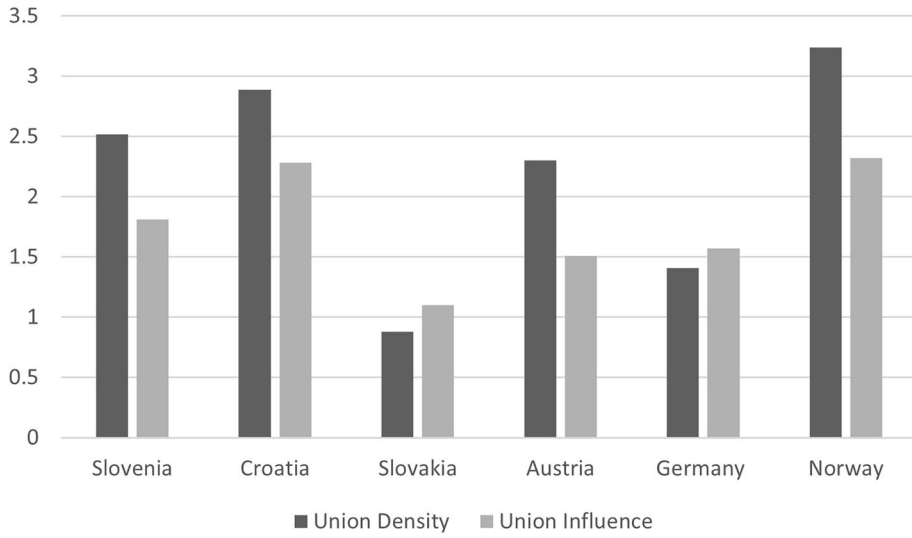


FIGURE A1 Union density and union influence. Note. Union density is based on six categories–0% = 0, 1–10% = 1, 11–25% = 2, 26–50% = 3, 51–75% = 4 and 76–100% = 5. Union influence is on a 5-point Likert scale from not at all = 0 to a very great extent = 4

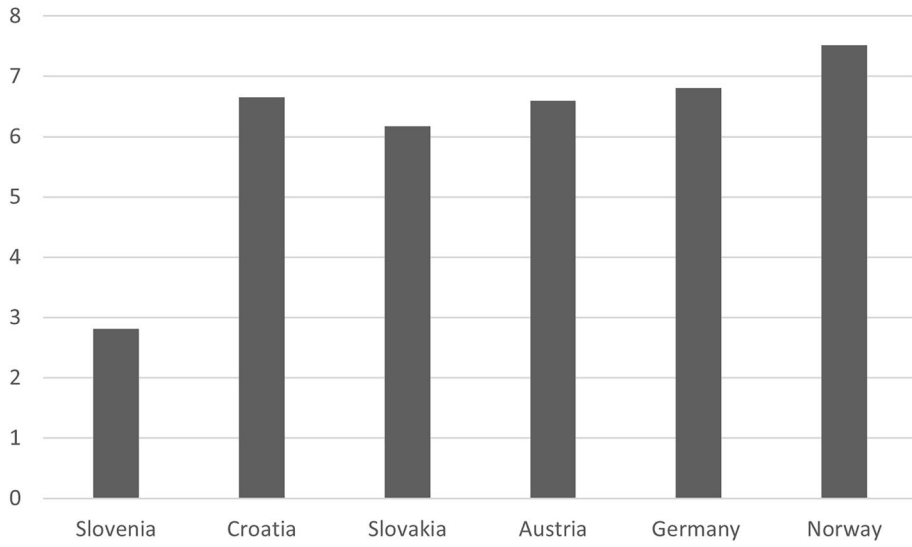


FIGURE A2 Direct communication (mean). Note. Direct communication is a ten-point scale, with nine indicating that managers, professionals, and clerical and/or manuals had been fully briefed on these three issues, and zero indicating no briefing at all on any of the three issues

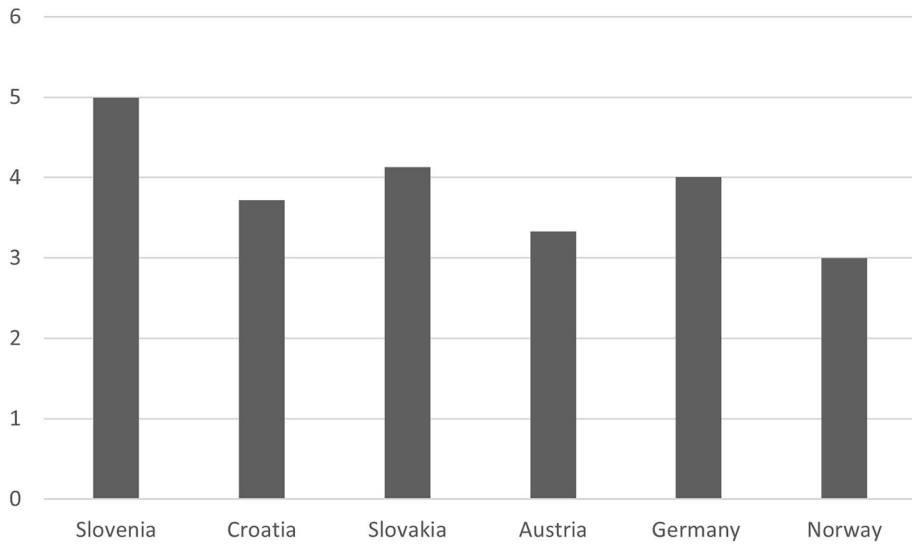


FIGURE A3 Individualised pay-for-performance (mean). Note. This scale models I-PFP as a latent variable, which is assumed to be measured by the seven dichotomous items ranging from 0 (low I-PFP) to 7 (high I-PFP)

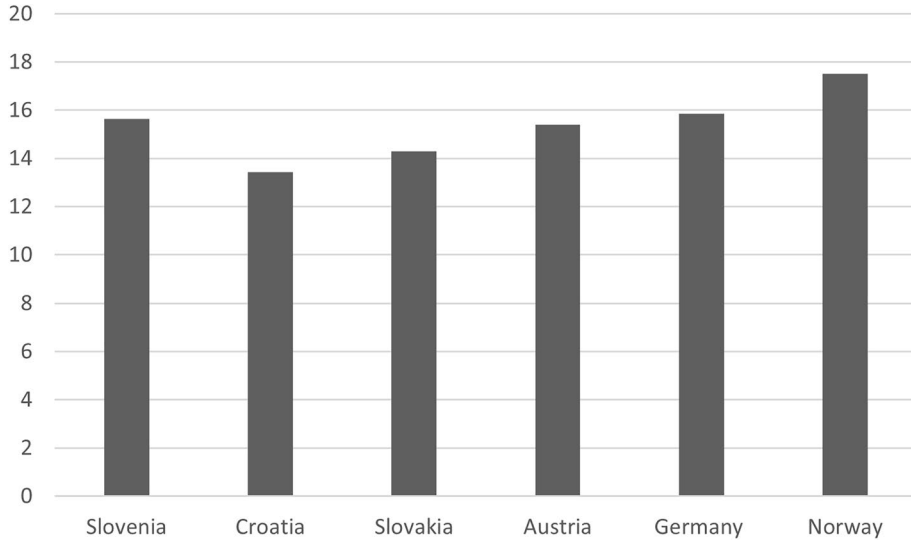


FIGURE A4 HR function (mean). HR, Human Resource. Note. HR function is an index ranging from 0 (HR function has low degree of strategic role) to 25 (HR function has high degree of strategic role)

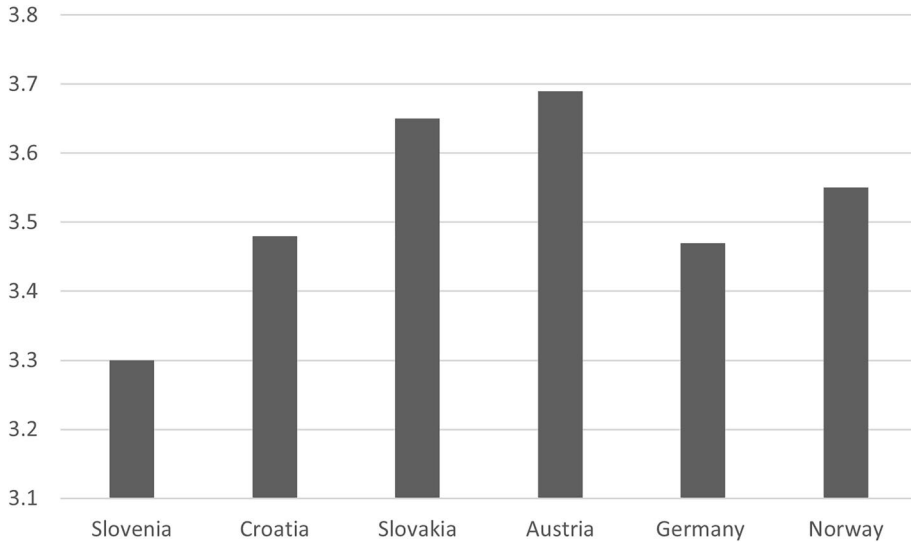


FIGURE A5 Innovation in industry (mean). Note. 3. Innovation is scored on a 5-point scale (Poor or at the low end of the industry = 1, Below average = 2, Average or equal to the competition = 3, Better than average = 4, Superior = 5