

Working conditions

# How does employee involvement in decision-making benefit organisations?



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**Authors:** Agnès Parent-Thirion, Isabella Biletta and Stavroula Demetriades (Eurofound) and Duncan Gallie (Nuffield College, University of Oxford) and Ying Zhou (University of Surrey)

**Research managers:** Agnès Parent-Thirion, Isabella Biletta and Stavroula Demetriades

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*This report presents the results of research conducted prior to the outbreak of COVID-19 in Europe in February 2020. For this reason, the results do not take account of the outbreak.*

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**European Foundation for the Improvement of Living and Working Conditions**

**Telephone:** (+353 1) 204 31 00

**Email:** [information@eurofound.europa.eu](mailto:information@eurofound.europa.eu)

**Web:** [www.eurofound.europa.eu](http://www.eurofound.europa.eu)



# Introduction

At the time of writing, the world is emerging from the Great Lockdown, the full impact of which is yet to be played out. Measures to contain the virus, such as working from home, social distancing and strict hygiene routines, are having a significant impact on the way workers perform their work and whether and how businesses pursue their activities. This climate of uncertainty and novelty, though unsettling, could be an opportune moment for businesses to examine how they might adapt their work practices to motivate their employees, re-establish trust and optimise performance. This policy brief examines one key area where employers could initiate change in work organisation. The analysis will also inform policymakers in the aftermath of the Coronavirus (COVID-19) pandemic of the steps they can take to guide that change.

Leading thinkers in human resource management argue that managers can create the organisational conditions to get the best performance out of their employees. In an economy that is increasingly knowledge-intensive, workers need to be highly skilled and motivated to work effectively with new technologies and to meet the demand for higher levels of innovation. The most

influential arguments emphasise the importance of employee involvement: where employees can make decisions about their own work and have opportunities to contribute to the organisation's strategic plans. Questions remain, however, over the mechanisms through which high-involvement practices achieve these outcomes.

This policy brief looks at the empirical evidence demonstrating that workplaces where employee involvement is high are more successful in developing the capacity for high performance in workers than workplaces with lower levels of involvement. To do so, it examines the influence of work organisation on two factors contributing to performance: work engagement and skill development.

The findings presented here aim to inform policymaking interested in promoting organisational practices that simultaneously increase worker well-being and company competitiveness. Whatever the societal impact of the pandemic, there is no reason to expect that it will halt the long-term trend towards a knowledge economy based on intense human-technology interaction.



## Policy context

As the COVID-19 pandemic has demonstrated, the economy relies on both workers and businesses; one cannot function without the other. Furthermore, the achievement of quality outputs and productivity relies very much on the quality of the involvement of workers in it. Whether the post-pandemic economy returns to previous types of activity or transitions to become a greener and more inclusive economy, the role and place of workers in it are central to the recovery.

European institutions, since their foundation, have been developing policies to improve growth and competitiveness, on the one hand, and strengthen social rights and personal well-being, on the other. What this policy brief demonstrates is that these priorities are mutually reinforcing.

### Making workplaces safe and healthy

Improved working conditions are a core objective of the EU, as stated in the Treaty on the Functioning of the European Union. In addition to protecting the health and well-being of workers, good working conditions give workers greater opportunities

to find meaning in their work. Not having safe and supportive working conditions makes it harder for workers to produce work of high quality and this can lead to disaffection, illness and mental health problems.

For decades, workers' health and safety has been on the European agenda, even if, in this matter, Europe plays a subsidiary role; national public authorities, company management, and workers and their representatives are expected and required to take the lead. The 1989 Directive on occupational safety and health (89/391/EEC) not only envisaged measures to directly protect the safety and health of workers, but also described how employers and organisations should ensure 'information, consultation and balanced participation' for the implementation of the principles of workers' protection. These principles include 'adapting the work to the individual, especially as regards the design of work places, the choice of work equipment and the choice of working and production methods, with a view, in particular, to alleviating monotonous work and work at a predetermined work rate and to reducing their effect on health' and 'adapting to technical progress'.

## Expanding the concept of well-being at work

Technological progress, the increased reliance on knowledge as a production factor, and the green and digital transition call for a wider approach to enhancing well-being at work. This broader concept embraces not only health and safety principles but also the way work is organised and experienced by individuals, including employee involvement in decision-making. The European Council conclusions on the subject, published in June 2020, acknowledge the link between employee involvement, well-being and performance:

*Workers' involvement in decision-making processes, particularly concerning their own individual workplace, enhances satisfaction and self-development, strengthens overall wellbeing at work and increases productivity. It also leads to greater commitment and motivates workers to make full use of their skills and to upgrade them.*

Employee involvement, understood as an intrinsic part of job design, was explored in earlier initiatives developed under the Europe 2020 strategy, which recognised that the organisation of work played a role in optimising performance of both employees and companies. The Innovation Union research programme expressed an interest in examining how the knowledge economy could be spread to all occupational levels and all sectors by encouraging 'bottom-up' employee-led innovation. The term 'workplace innovation' was applied to describe a range of human resource practices within the workplace aimed at increasing worker participation in realising company goals.

Employee involvement is also considered within the framework of formal mechanisms for provision of information to and consultation with employees as part of an organisation's strategic decision-making, as required by the 2002 Directive on Information and Consultation of Employees. Such activity largely takes place within the context of social dialogue.

## Skills are critical

In setting out the priorities for its four-year term, the von der Leyen Commission has, like its predecessor, emphasised the importance of skills for growth and inclusion and for supporting the transition to a green and digital economy.

While skills acquired through formal learning are crucial, research has found that so too are skills developed informally within the workplace – transferable skills such as problem-solving and creative thinking. These constitute the practical expertise essential to effective performance.

Work-based learning is not referenced explicitly in EU policy pronouncements, though these do acknowledge that knowledge acquisition does not end with formal education and that economic and technological change demand continuous learning over a lifetime. The Commission's communication *A strong social Europe for just transitions* of January 2020 notes that 'half of the current workforce will need to update their skills within the next five years'. There is also an awareness of the shortfalls in employer-provided training in this context, especially in small and medium-sized enterprises, which employ two out of three workers in the EU.

The connection between skill development and capacity to innovate is explicitly made in various European policy documents, either through sectoral approaches, as in the Vision for European Industry until 2030, for instance, or through the InvestEU programme, which aims to trigger €650 billion in additional funding to boost investment, innovation and job creation in Europe.

The skills initiative that specifically targets industry, the Blueprint for Sectoral Cooperation on Skills, is a programme built on multistakeholder cooperation across business, trade unions, educational institutions, public authorities and other institutions. These partnerships are tasked to establish the skills requirements of the different economic sectors and to develop strategies and concrete actions to address those needs.

# Key findings

- In total, 29% of employees in the EU, Norway and the United Kingdom work in forms of work organisation that provide a high level of employee involvement – meaning that employees are able to exercise their own initiative in carrying out tasks and have substantial input, either individually or collectively, in decisions that affect the wider organisation. However, 35% of employees work in low-involvement forms of work organisation, where they have limited task autonomy and little influence on decisions affecting their work and the wider organisation.
- High-involvement forms of work organisation offer a better work environment. Working conditions are favourable, with less physical risk, lower work intensity and greater job security. The organisational climate is more employee-oriented, and management is more supportive, acting more as an enabler than a controller, while workers have more autonomy in their work. And this type of organisation is more likely to have employee representation, such as a trade union or works council.
- Nearly half of employees (47%) working in a high-involvement organisation report a high level of work engagement, almost double the share working in low-involvement organisations (24%). Employees who have a high level of work engagement demonstrate a more positive orientation towards their work. They are less often absent from work, are more likely to put in extra effort, prefer a later retirement age, and report higher levels of well-being.
- The greater scope for decision-making in high-involvement organisation is intrinsically motivating. However, other characteristics of this type of organisation also strengthen work engagement. The perceived fairness of management practices has a particularly strong impact, followed by the supportiveness of line management. Better working conditions also enhance work engagement, especially lower work intensity and greater job security.
- High-involvement organisation provides more opportunity for both formal and informal skill development, but it is particularly strongly associated with informal skill development. This finding implies that high involvement is most likely to promote the practical expertise that underpins innovative thinking and to increase the capacity of organisations to adapt to changing technological and market environments.
- High-involvement organisation has a levelling effect with respect to skill development. Differences in opportunities for skill development between high-skilled and lower-skilled employees are less marked in high-involvement organisations. This is especially the case for the occupational categories of craft workers, technicians and machine operators. In addition, high involvement matters more for increasing work engagement among less-skilled occupations than it does for high-skilled occupations. Its impact is greatest for service and sales workers, machine operators and workers in elementary occupations.
- These findings together suggest that it is particularly important to raise the decision-making latitude of less-skilled workers if employers are to optimise the performance of their workforce as a whole.
- Employee involvement practices, by bolstering and motivating employees, could support a return of trust between employers and employees in the aftermath of the COVID-19 crisis and aid economic recovery efforts.



## Exploring the evidence

### Background

**Employee involvement** is a distinguishing feature of approaches to the organisation of work. It can be defined broadly as ‘the opportunities employees have to take part in decisions that affect their work as an activity’. There are two dimensions to decision-making in the workplace:

- task discretion: employees’ ability to exercise independent initiative in carrying out their job and tasks
- organisational participation: employees’ ability to participate in decisions that affect wider organisational issues

Workplaces vary in the extent to which decision-making is delegated to employees. Sector and company size make a difference – employees in the financial and education sectors tend to have a high level of involvement, for instance, whereas in transport and agriculture, involvement tends to be much lower. Occupation is also important: professionals and managers have much more control over their work and influence on organisational matters than workers in blue-collar and less-skilled jobs.

A large body of human resource management literature argues that increasing employee involvement is a way to develop the skills and motivation of workers to meet the needs of knowledge-intensive economies. Is this argument supported by empirical evidence? To answer this question, we examine the degree to which different models of employee involvement enhance the work engagement of workers on the one hand and enhance their skill development on the other.

**Work engagement** is a concept that captures the higher levels of employee motivation at work believed to be associated with well-being, openness to learning and skill development, innovativeness and high performance. It is a strongly positive psychological state characterised by a high level of energy, identification with work and absorption in the job.

**Skill development** includes both formal training and informal learning that takes place at work. Having an optimal skill set enables employees to work effectively, adjust to new task structures, contribute to innovation and retain their employability. While skill development has mostly been seen in terms of the formal provision of training by the

employer, at least as important is the practical expertise developed informally through the work process itself. Innovation analysts, for instance, find that bottom-up initiatives from employees, grounded in experienced-based know-how and developed collectively, are important drivers of innovation – the ‘doing–understanding–interacting’ mode of innovation, as it is known.

If these two concepts are linked to employee involvement, what is the mechanism? It may be that working in an organisation where workers have more say inherently makes them more engaged and provides for better skill development. Or it may operate through other factors associated with the organisation type such as the working conditions, management practices and worker representation (such as the presence of a trade union).

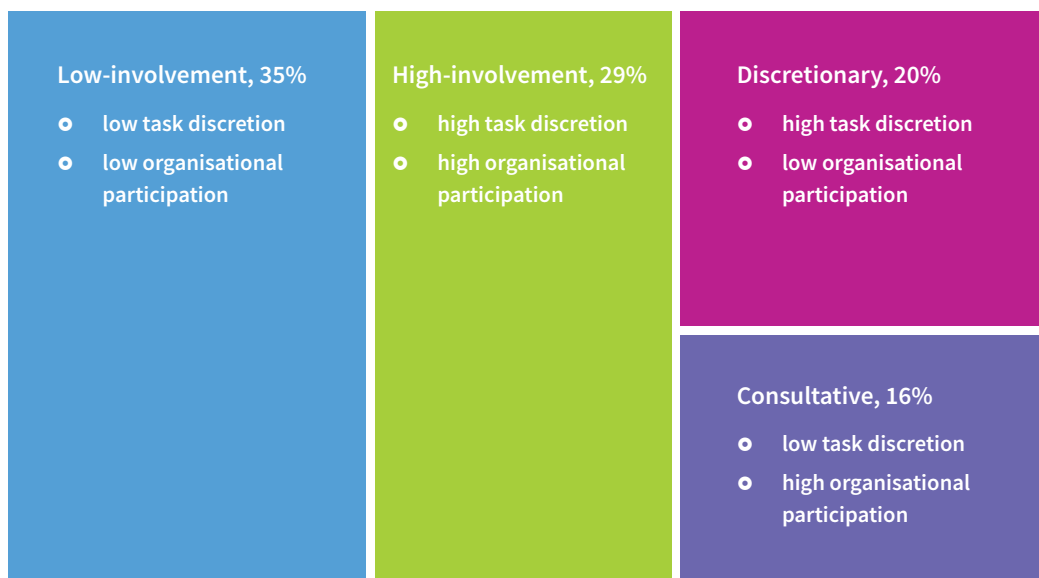
The analysis uses data from the European Working Conditions Survey (EWCS) 2015, collected from a representative sample of employees across the EU Member States, Norway and the United Kingdom. A more detailed analysis of the topics discussed can be

found in the working paper that accompanies this policy brief, *Employee involvement, work engagement and skill development*.

## Four approaches to employee involvement

Based on employee responses to questions about their level of task discretion and organisational participation – the two dimensions of employee involvement identified above – four types of work organisation can be distinguished, as shown in Figure 1; this also shows the percentage of employees in each type of workplace. The largest group of respondents (35%) work in low-involvement organisations, in which they have little task discretion and organisational participation. The next largest group, comprising 29%, work in high-involvement organisations, which rate highly on both dimensions. The other two forms of work organisation are discretionary organisations and consultative organisations, which perform highly on one dimension but low on the other.

**Figure 1: Types of work organisation and the proportion of employees who work in each, EU, Norway and the UK, 2015**



## Sizeable country differences

There is a considerable contrast across Europe in the numbers of employees working in high- and low-involvement organisations (Figure 2). In the Nordic countries, the proportion of employees working in high-involvement organisations is twice that working in low-involvement organisations. Apart from that group, only a small number of other countries report that more people work in high-involvement organisations: Belgium, Estonia, France, Ireland, Luxembourg, Malta, the Netherlands and the United Kingdom. In contrast, more than half of employees in Cyprus, Greece and Portugal work in low-involvement organisations.

## Working conditions, management practices and representation

Working conditions, management practices and worker representation in different organisation types influence employees' work engagement and skill development.

Our analysis looked at three aspects of working conditions that may be affected by the level of employee involvement:

- physical working conditions
- intensity of work
- job security

On each of these measures, employees in discretionary and high-involvement organisations experience better working conditions compared with those in consultative and low-involvement organisations.

For instance, Figure 3 shows the levels of work intensity reported by employees in each organisation type, measured on an index that captures the extent to which employees report that they work at high speed, work to tight deadlines and do not have enough time to do the job. On this measure, fewer workers in discretionary and high-involvement organisations experience high work intensity than is the case for employees in low-involvement or consultative organisations.

**Figure 2: Percentage of employees in high- and low-involvement organisations, EU, Norway and the UK, 2015**

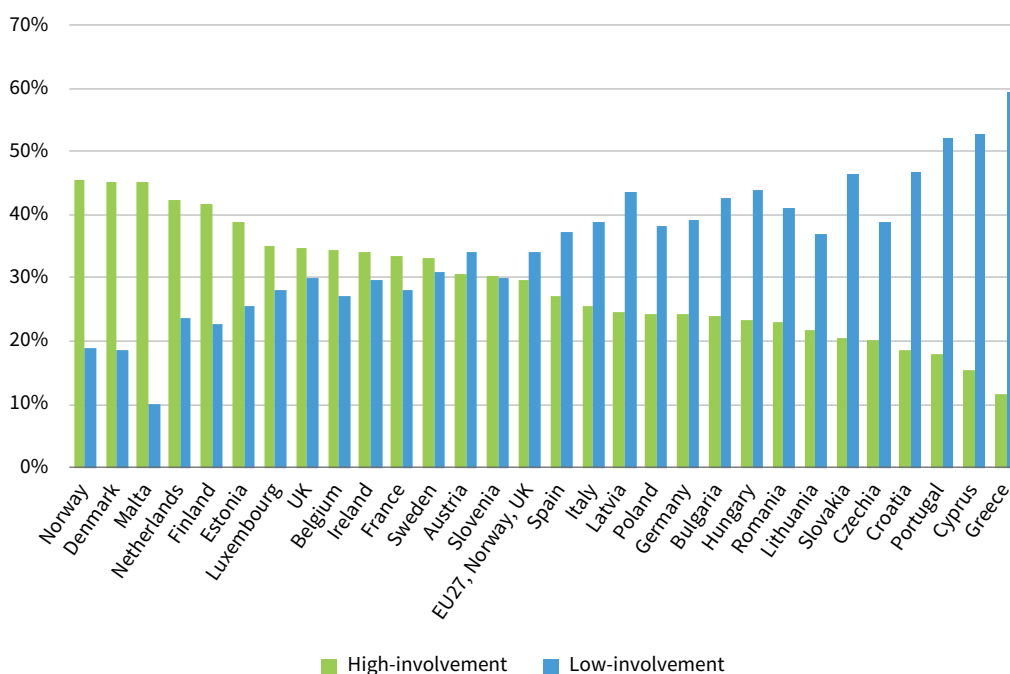
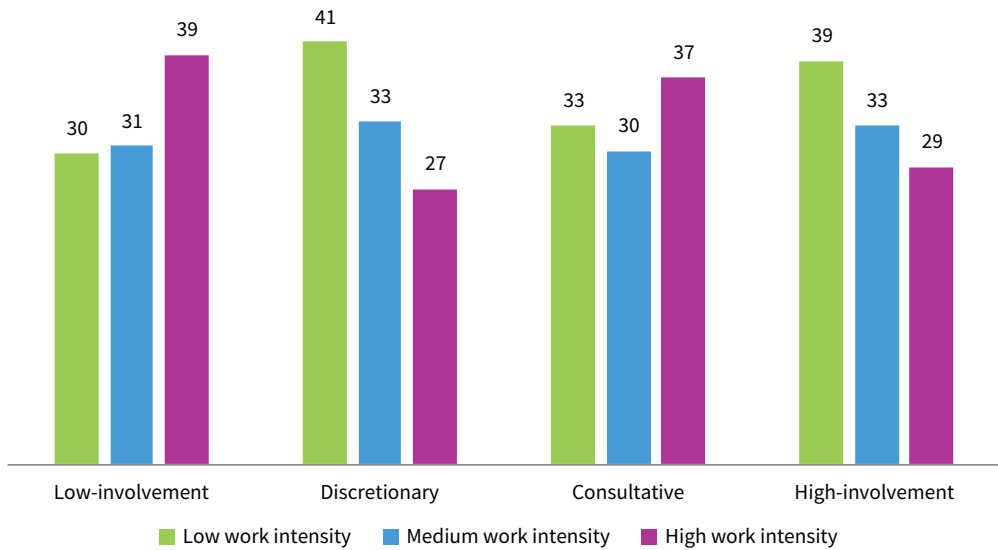


Figure 3: Levels of work intensity reported by employees in four organisation types (%)



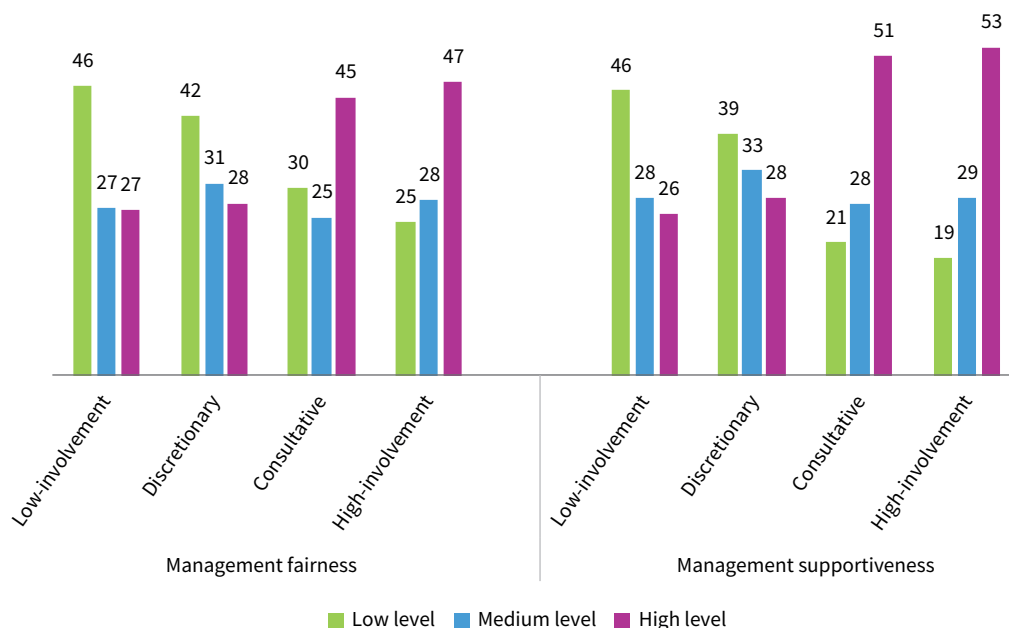
Next the analysis looked at the management practices employed by each type of organisation to promote high levels of performance. These practices include the treatment of employees by line managers, controls on the pace of work, the role of teamwork and the use of pay mechanisms to reward individual contribution. The main finding of this analysis was that consultative and high-involvement forms of work organisation are associated with higher levels of organisational fairness and management supportiveness, less control of employees by supervisors and more reliance on teamwork than discretionary or low-involvement organisations.

Figure 4 shows the differences between types of work organisation in relation to two aspects of managerial treatment of employees:

- fairness, based on questions about trust between management and employees, resolution of conflict, distribution of work and knowledge of management expectations
- supportiveness, based on questions about respect, praise and recognition from one's line manager; the line manager's ability to get people to work together, to help getting the job done and to provide feedback; and whether employees feel appreciated for work well done

On both indices, forms of work organisation with high involvement in decision-making are associated with better employee treatment by management than in the case of low involvement, with employees in high-involvement organisations having the highest scores.

**Figure 4: Levels of managerial fairness and supportiveness reported by employees in four organisation types (%)**



Third, work organisation can have an effect through the role played by representation – the exercise of collective voice through elected committees or trade unions. This adds to the resources available to employees by providing a shared channel for expressing the concerns of the workforce. Examining the presence of representation showed that employees in high-involvement and consultative organisations are more likely than those in low-involvement organisations to have both trade union or works council representation and a health and safety committee. Over half (56%) of employees in high-involvement organisations reported the presence of a trade union or works council, whereas this was the case for less than half (44%) of those in low-involvement organisations.

Overall, high-involvement organisation stands out in this analysis because of the wide range of positive work environment characteristics

associated with it: better physical working conditions, lower work intensity, a more employee-oriented organisational climate, more supportive and egalitarian forms of supervision, less direct supervisory control over work pace, and less exposure to multiple forms of control.

## Work engagement

### Levels of work engagement in the workforce

Advocates of high-involvement work organisation emphasise its benefits for increasing employee motivation, as measured by work engagement, to achieve high levels of job performance. Developing the motivation of workers is a long-standing concern in companies, and many policies and practices have been developed to foster it.

The EWCS measures work engagement by asking respondents the extent to which they agree with three statements:

- At my work I feel full of energy
- I am enthusiastic about my job
- Time flies when I am working

According to the data gathered, overall in the countries studied, 34% of employees could be categorised as highly engaged, 40% reported a medium level, and engagement is low for 26%.

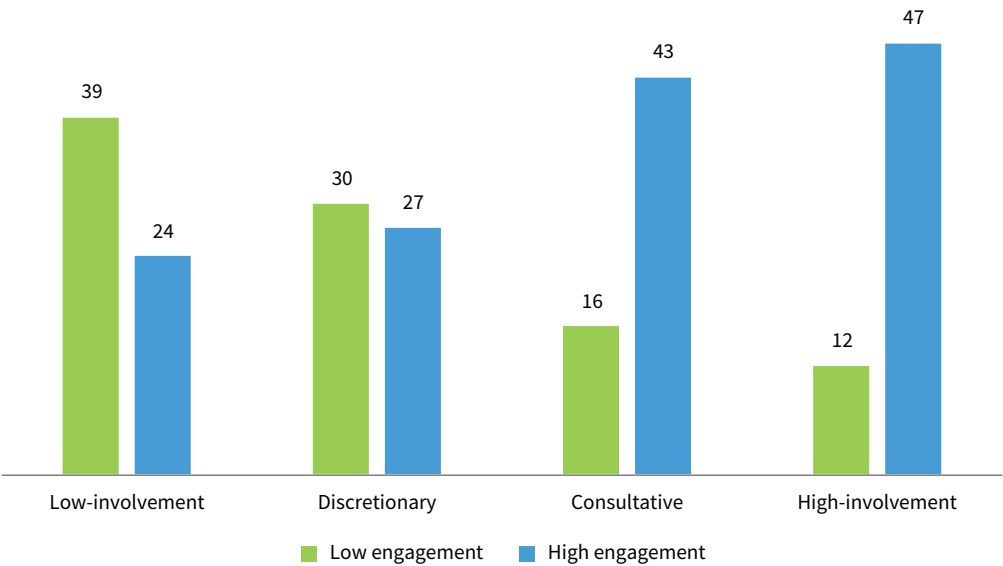
The analysis confirmed that a high degree of work engagement has positive effects for both employers and employees. Employees with high work engagement spend significantly less time absent from work, are more likely to put in extra effort, prefer a later retirement age and have better well-being. The relationship was particularly strong with respect to increased personal well-being.

Does high employee involvement increase work engagement?

Figure 5 shows how the four types of organisation compare on work engagement: 47% of employees in high-involvement organisations report a high level of work engagement, which is close to that found for entrepreneurs (self-employed workers with employees) (49%). High work engagement is prevalent among employees of consultative organisations (43%) too, but only a quarter of those in low-involvement organisations report engagement at this level.

The relatively low proportion of highly engaged workers in discretionary organisations underlines the limits of the organisations in which employees do not participate in decisions above and beyond their immediate work task. It demonstrates how participation in wider organisational decisions matters for employees, often becoming the channel by which bottom-up innovations develop.

Figure 5: Levels of work engagement reported by employees in four organisation types (%)



What explains the relationship between employee involvement and work engagement? The effect might be direct, in that participation in decision-making is inherently motivating. Or it could be indirect, arising from the quality of the working environment – high employee involvement, as we have seen, is associated with better conditions across a range of working conditions and performance management practices.

Analysis of the data found that the effect is in part direct, with work becoming more meaningful when people are in a position to influence decisions. They can, to a degree, craft their task activities to take account of their own ideas and they can identify more easily with organisational decisions that they have been able to influence.

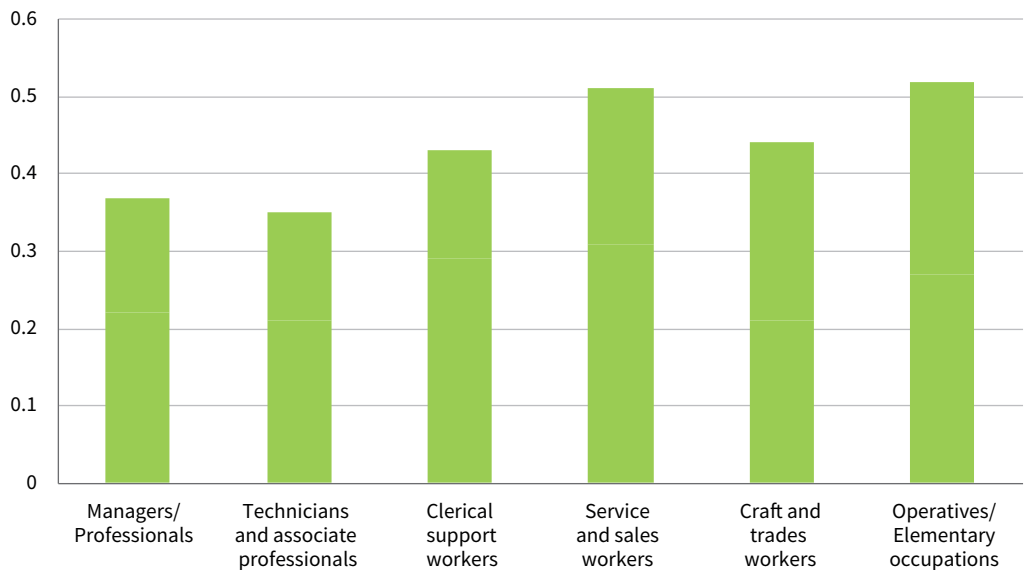
The positive effect of work organisation on work engagement is also indirect. The most influential indirect factor is the prevalence of ‘progressive’ management practices. In particular, the perceived fairness of management was found to be by far the strongest contributor to this, followed by the supportiveness of management. Better working conditions also play a role in

increasing work engagement – lower work intensity and higher job security make the largest contribution to this difference – but the presence of representative institutions was found not to be important.

Which workers benefit most?

Further analysis was conducted to discover whether the positive effect of employee involvement on work engagement differs according to one’s occupation. Categorising occupations using the ISCO-08 classification, we found that the overall effect is highest for workers in less-skilled categories. This is illustrated in Figure 6, where the overall height of each bar indicates the strength of the effect of high-involvement organisation on work engagement compared to that of low involvement. High involvement has the strongest influence for service and sales occupations and for operatives and elementary workers. Arguably, the weaker effect for high-skilled occupations reflects the greater intrinsic interest they have in their work, so being part of a high-involvement organisation may matter less to their sense of engagement.

Figure 6: Effect of high involvement on work engagement by occupational category



## Skill development

Turning to skill development, the aim was to see whether the degree of employee involvement in the workplace influences the opportunities available to employees to maintain and advance their skills. Skill development is assessed here through the quantity and quality of formal training provided and the extent of knowledge acquired informally through work activities.

Formal training was measured by asking respondents whether they have had any employer-paid or on-the-job training in the previous 12 months. If the answer was positive, they were further asked the duration of the training and whether it had helped them to improve the way they worked.

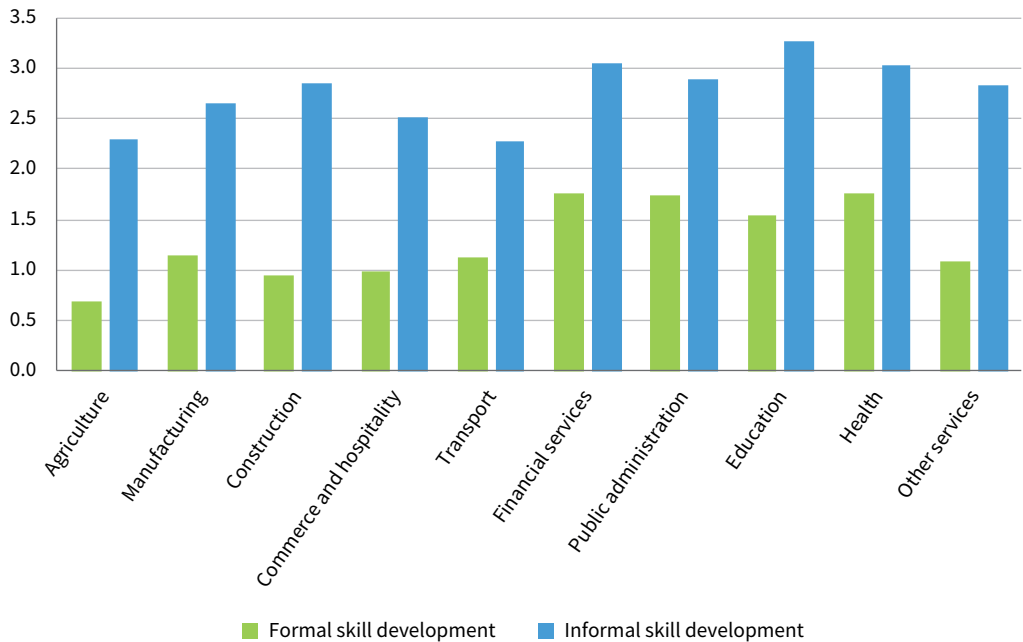
Informal learning was assessed by asking respondents whether their job involves:

- assessing the quality of their work
- solving unforeseen problems on their own
- learning new things
- applying their own ideas at work

The analysis confirms that occupation is a crucial determinant of an individual's opportunities for acquiring skills. Managers, professionals and technicians reported the highest level of access to formal and informal skill development opportunities, while elementary workers, machine operators and agricultural workers reported the least.

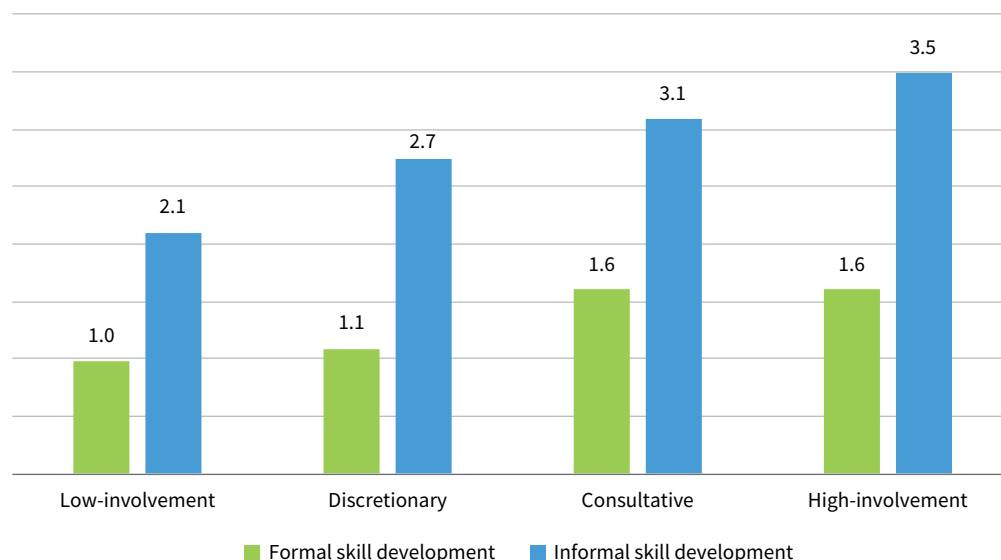
Sector plays a substantial role too, as Figure 7 shows. Employees in knowledge-intensive sectors (for example, education, health and financial services) enjoy the best opportunities for training and learning.

Figure 7: Employee scores on formal and informal skill development indices, by sector



Note: Scale of 0–4.

**Figure 8: Employee scores on formal and informal skill development indices, by organisation type**



**Note:** Scale of 0–4.

Employees in large organisations (250+ employees) also score higher on skill development indices than those in smaller organisations. This may reflect the impact of stronger administrative support, the presence of representative bodies, the opportunities for collective negotiations and greater economies of scale in the provision of training.

### Does high employee involvement enhance skill development?

Examining the relationship between skill development and employee involvement shows that the former is greater in consultative and high-involvement organisations (Figure 8). However, the patterns for formal and informal skill development differ, with high-involvement practices being more strongly related to informal than to formal skill development. Scores on informal skill development increase substantially and linearly with level of involvement.

The data were examined further to get more insight into the workplace factors that promote skill development. This analysis found that

while employee involvement affects formal skill development, the presence of representative bodies and larger company size were even more important. However, employee involvement had the strongest effect on informal skill development even when other factors were taken into account.

### Does employee involvement influence occupational differences in skill development?

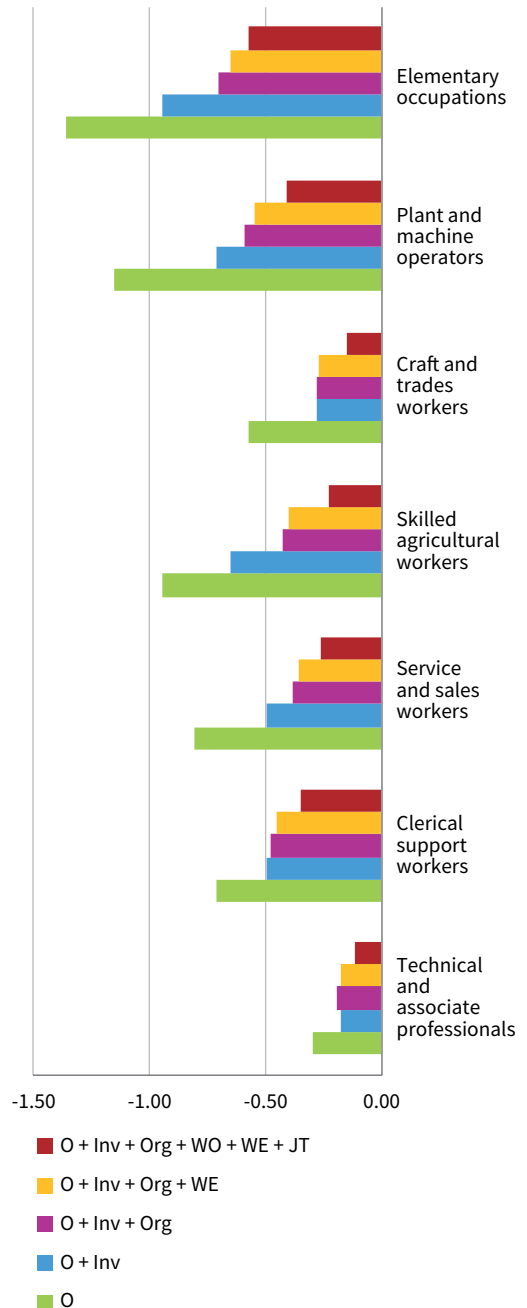
As noted already, workers higher up the occupational hierarchy benefit from skill development more than workers further down. How far can the disparities between occupational categories be explained in terms of differences in employee involvement? Figure 9 provides an answer to this question, focusing on informal skills, as they are more strongly related to work organisation than formal skills. (The results were similar for formal skills, however.) The figure shows how organisational and job characteristics contribute to reducing the differences in informal skill development between the

category of managers and professionals, which serves as a reference category, and the seven other occupational categories.

- The green bar represents the initial difference in skill development between each occupational category and that of managers and professionals – the gap is large, especially for the low-skilled categories.
- The blue bar shows the reduction in disparities when employee involvement alone is added. The gap between managers and professionals and other categories is cut especially clearly for craft workers, technicians and machine operators. We can infer, therefore, that the skill development of workers in these categories is enhanced when they have more say in the organisation.
- The pink bar shows the effect of adding organisational factors – representation, working conditions and management practices. This leads to a marked further reduction in the occupational differences.
- The yellow bar shows the effect of adding in work engagement. This leads only to a small further reduction of the occupational class differences.
- The top bar (red) represents the effects of individual characteristics (sex and age), sector and size of the organisation in which people work, which leads to a further major reduction in most of the class differentials.

The conclusion we can draw from the analyses is that the occupational differences in both formal and informal skill development are determined by a range of factors including organisational characteristics, worker characteristics, sector and company size. However, in most cases employee involvement makes a significant contribution to reducing these differences.

**Figure 9: Factors accounting for occupational differences in informal skill development**



**Notes:** O = occupational category; Inv = employee involvement; Org = working conditions and management practices; WE = work engagement; JT = sex, age, sector and company size.



## Policy pointers

The findings of this policy brief lead to the following conclusions for informing policymaking across the areas of growth, innovation, employment and job quality.

- Employees of workplaces where employee involvement is inherent in job design are more likely to be highly engaged and have access to training and skill development opportunities.**

Research has established that employers who succeed in maintaining a workforce that is highly engaged, well trained and competent can have a competitive advantage. The analysis showed that high-involvement work organisation is associated with supportive, egalitarian work environments with good working conditions that foster work engagement.

Participative work environments are also more likely to provide employees with opportunities for training and skill development. While education provided by the national education system lays a foundation, skill development has to be continuous so that workers can adapt to specific workplace needs and become proficient with new technologies at a time of rapid technological change and innovation. This is critical for the success

of the companies. It is notable that Eurofound's European Company Survey (ECS) 2019 has found that the majority of managers (94%) who provide training to staff reported that the most important reason for doing so was to update current skills.

- There is no necessary trade-off between employer policies that benefit employee well-being and those that are beneficial to the productive capacity of the organisation.** Rather, with respect to the issues examined, such policies appear to be mutually supportive. Work organisation that is more advantageous for employee well-being – that substantially delegates decision-making to employees – is associated with improved organisational performance. Analysis of the very latest data, from the ECS 2019, shows that employers benefit from the increased capacity of employees to deal with work problems through learning. Additionally, most of the manager respondents to the survey reported that in their opinion involving employees in work organisation changes gives their establishment a competitive advantage.

- **Employee representative bodies (such as trade unions, works councils, and health and safety committees) play a significant role in formal and informal skill development.** Opportunities for consultation, negotiation and daily interaction with management on issues of skill development bring employee aspirations for personal and career development together with organisational needs. Work environments that nurture high levels of employee involvement are more likely to have employee representative voice that can advocate, support and encourage training initiatives for mutual gain. A similar conclusion was drawn in the European Commission's *Employment and social developments in Europe 2019* report, which suggested that the presence of employee representation structures is associated with more training opportunities, particularly for low-skilled jobs: 'employees with some form of representation have a 66% higher chance of receiving paid training' (p. 28).
- **Workers employed in lower-skilled jobs in particular can benefit from high-involvement work organisation.** Workplace policies and practices less often address this category of jobs, which may lead to a failure to develop the potential of these employees, to both their disadvantage and that of the organisation. Evidence from this research suggests that introduction of high-involvement work practices can increase work engagement of lower-skilled workers. Moreover, it reduces occupation-based inequalities in skills acquisition across organisations. Recognition of this finding is particularly important as organisations experience changes in skill requirements due to external or internal factors linked with changes in services, production or business models. It is notable that a large proportion of managers (40%) report that skill changes happen quickly, according to the ECS 2019.

These conclusions make a strong case for actions at all levels – company, sector, national and EU – to transition workplaces to high-involvement forms of work organisation. Technological change, the transition to a low-carbon economy and the post-COVID-19 recovery provide an opportunity to make the change.

Furthermore, this would not be a revolutionary step – the analysis has shown that 65% of employees are already involved to some degree in workplace decision-making. New policies should seek to enhance existing practice to extend the forms of involvement.

Businesses and workers are the best placed to improve employee involvement; below are suggestions on how they might proceed.

- High-involvement organisation can be implemented through a wide range of practices, which may vary between sectors. There is no one best way whereby practices can be packaged into an ideal model and put into action; the specific attributes of companies and sectors need to be taken into account.
- To develop plans for enhancing involvement that are effective and sustainable, networking between companies within the same sector and, more specifically, between human resource managers is important. This can be facilitated by means of knowledge events, for example, and other forums for pooling experiences and sharing best practice, organised by employers and relevant sector organisations. While human resources managers can gain experience from participating in cross-sectoral gatherings, real added value is acquired through sector-specific events and networks, with the participation of experts. Managers operating in the same industry can obtain actionable insights that can be much more powerful than reading general prescriptions.

- Employer organisations, sector organisations, development agencies, or relevant departments of regional and local authorities are well placed to provide the organisational hub and backbone for connecting organisations at national level. Such support is particularly important for small companies, which are likely to need assistance in introducing organisational change. The longer-term benefits of introducing organisational change may not be visible to managers, particularly of small businesses, and can be seen as costly (for instance, time investment by managers to engage with employees). Therefore, understanding the transformative effect of implementing key bundles of work practices would be highly beneficial for such companies.
- As works councils and trade unions are concerned to ensure employee voice, plans for change would be explored and developed most effectively through consultation processes and social dialogue structures. Using workplace and sectoral social dialogue, and depending on national industrial relations traditions, employers and trade unions could opt to discuss, consult or negotiate on these issues. Joint action by the social partners should address these challenges and prepare workplaces and workers for the future.

The potential for economic and social gain makes optimising work organisation an issue that should also mobilise action at Member State and EU levels, as outlined below.

- National and regional enterprise-support bodies could provide support to small and medium-sized companies to develop their management practices with a focus on work organisation, for instance through grants for operational excellence.
- EU policy promoting growth and innovation focuses on financial investment and skill development, the latter concentrating on tackling persistent skills mismatches, on the one hand, and

improving the employability of low-skilled workers in a knowledge-based economy, on the other. While these rightly receive high priority, policy needs to be broadened and connected so that the EU works with other stakeholders – national innovation agencies, social partners and national authorities, companies and their workforces – to make real progress to achieve the ambitious plans for the future of the economy as well as for a more socially equitable society. The changing world of work (as captured by the concept of Work 4.0) includes enhanced digital skills, work in multidisciplinary teams, problem-solving and adaptiveness; these cannot be achieved through command-and-control systems of decision-making.

- The evidence presented here is an argument for including pro-innovation work organisation alongside skill development. Maintaining and expanding support to national innovation agencies through the new Horizon Europe research and innovation programme would facilitate the uptake of innovative organisational practices at national level while ensuring a sectoral focus. European industry can lead the way in implementing forms of work organisation that promote employee involvement and engagement. The new European industrial strategy could be used as a compass for industry development and has rightly emphasised the importance of lifelong learning, upskilling and reskilling.
- EU industrial strategy, however, does not address the potential benefits of changes in the organisational structures of industry. Future initiatives designed to improve the performance of EU industry need to consider the additional positive impact on organisational performance of encouraging more involvement of workers in workplace decision-making. European policy documents on the Skills Agenda for Europe could make more visible the role of workplaces and the informal learning

opportunities they can provide. The Blueprint for Sectoral Cooperation on Skills provides the type of framework necessary for the comprehensive promotion and implementation of high-involvement workplace practices. Any revision to this initiative and any similar future initiatives should take the arguments supported by this policy brief on board.

- Lastly, European sectoral social dialogue could provide an ideal platform for bringing to the attention of national social partners the high-involvement work systems and practices that work best for both employees and organisational performance. As their mandate is sectoral by definition, sector-specific organisational practices that promote employee participation could potentially have a significant impact.

Employee involvement is not only about economic gain. More democratic workplaces deliver better working conditions and human-centred management practices; they also help to reduce occupational inequalities. Extending high-involvement organisation across sectors and workplaces could therefore represent an important step towards better job quality and fair working conditions for all.

And while better job quality is in itself an EU goal, it is also the key to the sustainability of work over the life course and to recovery in the post-COVID-19 period. As companies and organisations adapt to changed circumstances, now is the time to adapt work organisation to support health and well-being and the development of a skilled and engaged workforce contributing to innovation.



## Resources

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Eurofound topic 'Work organisation', <http://eurofound.link/workorganisation>

Council of the European Union (2020), *Enhancing well-being at work – Council conclusions*, 8688/20, Brussels.

Eurofound (2013), *Work organisation and innovation*, Publications Office of the European Union, Luxembourg.

Eurofound (2015), *Third European Company Survey – Overview report: Workplace practices – Patterns, performance and well-being*, Publications Office of the European Union, Luxembourg.

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Eurofound (2017b), *Sixth European Working Conditions Survey – Overview report*, Publications Office of the European Union, Luxembourg.

Eurofound (2018), *The role of motivation for sustainable work*, working paper, Dublin.

Eurofound (2020), *Employee involvement, work engagement and skill development*, working paper, Dublin.

Eurofound (forthcoming), *European Company Survey 2019: Overview report*, Publications Office of the European Union, Luxembourg.

European Commission (2019), *Employment and social developments in Europe: Sustainable growth for all: Choices for the future of Social Europe: Annual review 2019*, Publications Office of the European Union, Luxembourg.

European Commission (2020a), *A new skills agenda for Europe: Working together to strengthen human capital, employability and competitiveness*, COM(2016) 381 final, Brussels.

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How do organisations get the best out of their employees? Research on human resource management has found that a key practice is employee involvement: enabling employees to make decisions on their own work and to contribute to organisational decision-making. A high degree of employee involvement creates work environments that are highly motivational and that emphasise skill development. And this is the type of work environment that organisations need to meet the demands for innovation and adaptability to technological change in a knowledge-driven economy.

This policy brief examines the empirical evidence that workplaces where employee involvement is high are more successful in developing the capacity for high performance in workers than workplaces with lower levels of involvement. It examines the influence of work organisation on two factors contributing to performance: work engagement and skill development.

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