

PROWELFARE - PROVIDING WELFARE THROUGH SOCIAL DIALOGUE: A NEW ROLE FOR SOCIAL PARTNERS?

Executive Summary Results of the comparative analysis of Voluntary Occupational Welfare

David Natali and Emmanuele Pavolini ⁽¹⁾

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1. Chiara Agostini has worked on tables and graphs from the Prowelfare country reports and the on line survey.

TABLE OF CONTENTS

INTRODUCTION.....	2
1. MONITORING VOW.....	3
2. INTERACTION BETWEEN VOW AND INDUSTRIAL RELATIONS.....	10
3. INTERACTION BETWEEN VOW AND THE WELFARE STATE.....	13
4. MOTIVATIONS FOR THE INTRODUCTION OF VOW	15
5. SOCIAL PARTNERS AND VOW PROGRAMMES: SUGGESTIONS AND POINTS FOR DEBATE.....	19
CONCLUSION	24

INTRODUCTION

As stressed in the analytical and methodological note that set out the scope, the focus and the main goals of the PROWELFARE action (Providing Welfare Through Social Dialogue: A new role for social partners?), the project has aimed at shedding light on voluntary occupational welfare (VOW), i.e. welfare benefits and services provided by social partners and/or employers (including the State in its role as employer) and received by employees as a result of their employment. The action has had five key aims:

1. monitoring trends in voluntary occupational welfare ⁽²⁾ (VOW) across the 8 countries under scrutiny;
2. analysing the interaction between VOW and IR;
3. analysing the interaction between VOW and welfare states;
4. analysing social partners' motivations for the introduction of VOW;
5. providing insights for the trade union movement: suggestions/points for debate.

In line with these, in the following we summarise the main findings of the research carried out by the eight partners, using a number of data sources. All their work has been based on information and data collected through the limited secondary literature available, the text of collective agreements and regulations providing the legal framework for occupational welfare, interviews with stakeholders, and surveys and research carried out by social partners themselves, public institutions and private consulting firms. The focus has been on: three social policies (healthcare protection; reconciliation of work/family life; and training, with some further information on pensions) in three industrial sectors: manufacturing (automotive and food industries); public services; and private services (banking and retail).

The first section describes the main traits of voluntary occupational welfare (and occupational welfare in general) in the eight countries under scrutiny. We start with some comparable data published by international organisations (e.g. the OECD through SOCX datasets; Eurostat and Eurofound). We then draw some conclusions from the country reports provided by the partners. Each country partner has collected information from primary and secondary literature (67 collective agreements analysed by the country partners) and from interviews with trade unions and social partner representatives (54 interviews carried out by the eight partners). In particular we aim at shedding light on three major aspects:

- firstly, we look at the importance of VOW in the eight countries (in terms of coverage);
- secondly, we focus on the type of benefits and services provided by social partners and/or unilaterally by the employers;

2. In particular we have focused on voluntary benefits and services (mandatory occupational schemes and fringe benefits are not the primary focus of the project, even if country reports have referred to them).

- thirdly, we look at the forms taken by this welfare provision, its role *vis à vis* statutory schemes; and its governance (interaction and tasks of public authorities and social partners at national and subnational level);
- fourthly, we look at trends (in the long term and especially in the most recent years since the crisis).

Sections two and three will provide some first reflections on the interplay between VOW and industrial relations institutions on the one hand, and between VOW and statutory welfare programmes (so called social welfare) on the other. Section four examines the social partners' motivations for supporting VOW in their own country. Here the main source of information is the online survey we have launched through the project (as well as interviews and the main findings of the country reports). Section five provides some insights for the debate based on the results of the online survey. Section six concludes with a few open questions which stakeholders and analysts should address in the future.

1. MONITORING VOW

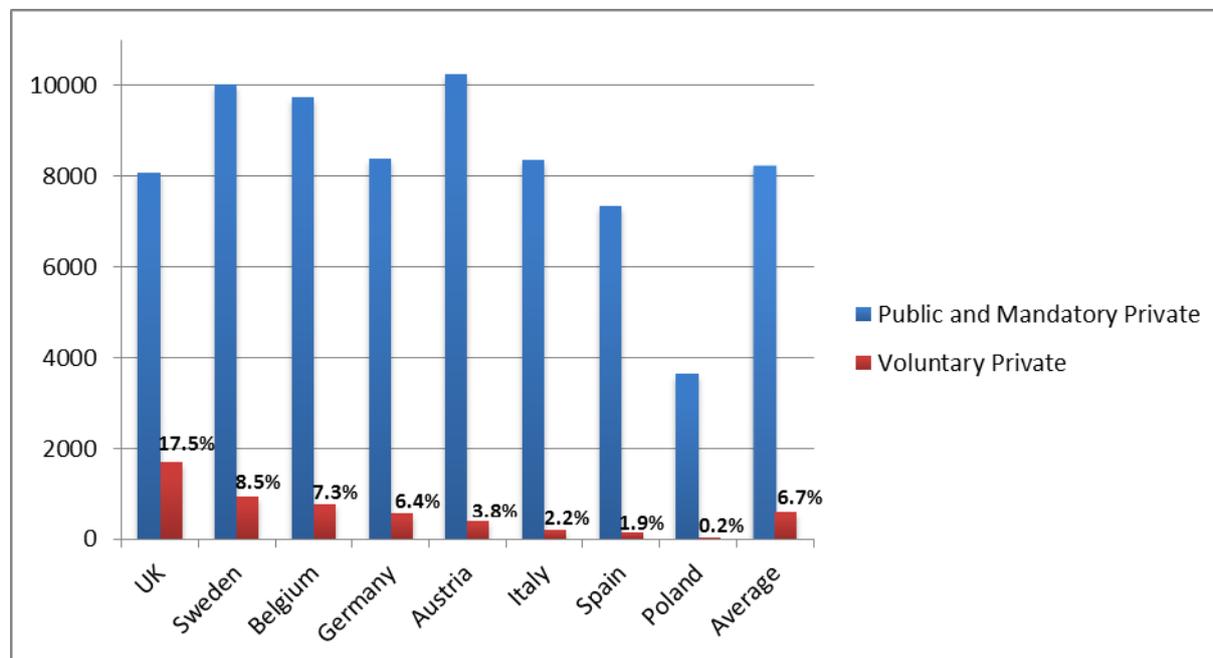
Comparative information on occupational welfare is very limited. Little information is available on the role of supplementary welfare schemes. This has been one of the reasons for the project. However, some international databases provide a first set of data to help us begin to understand the role of supplementary occupational schemes (VOW) in the countries under scrutiny. This is the case of the OECD database on social expenditure (SOCX), which provides a clear picture. As stressed in the analytical and methodological introduction to the project, the OECD defines 'Voluntary private social expenditure' as: 'benefits accruing from privately operated programmes that involve the redistribution of resources across households and include benefits provided by NGOs, and benefit accruing from tax advantaged individual plans and collective (often employment-related) support arrangements, such as, for example, pensions, childcare support, and, in the United States, employment related health plans'. In a way this definition is broader than the definition of voluntary occupational welfare as it is used in the present project, but it does not include expenditure on education and training. This is the closest available definition to that used in our research project.³

Figure 1 summarises how much each country spends on voluntary private welfare (compared to total social expenditure, i.e. public and mandatory private welfare spending). Voluntary private social spending represents a limited amount in proportion to total (public plus mandatory private) expenditure: the average data for the 8 countries is 6.7%. Yet there is a huge variation between countries. At a first glance we can distinguish between two groups: northern and continental European countries (Sweden, Belgium and Germany) where voluntary private spending is above the average; and southern and central-eastern European countries (Italy and Spain plus Poland) where voluntary private spending is well below the average. Moreover there

³ Adema, W., P. Fron and M. Ladaïque (2011), *Is the European Welfare State Really More Expensive: Indicators on Social Spending, 1980-2012*; and a Manual to the OECD Social Expenditure Database (SOCX), OECD Social, Employment and Migration Working Papers, No. 124, OECD Publishing.

are two countries with unusual profiles: the UK has an ‘oversized’ voluntary private welfare sector (almost three times the average); Austria is the only one of the continental European countries with voluntary private welfare provision below the average (but still much higher than in southern and central-eastern countries).

Figure 1. Public and private social expenditure (PPS per head), 2009



Source: OECD Socx database

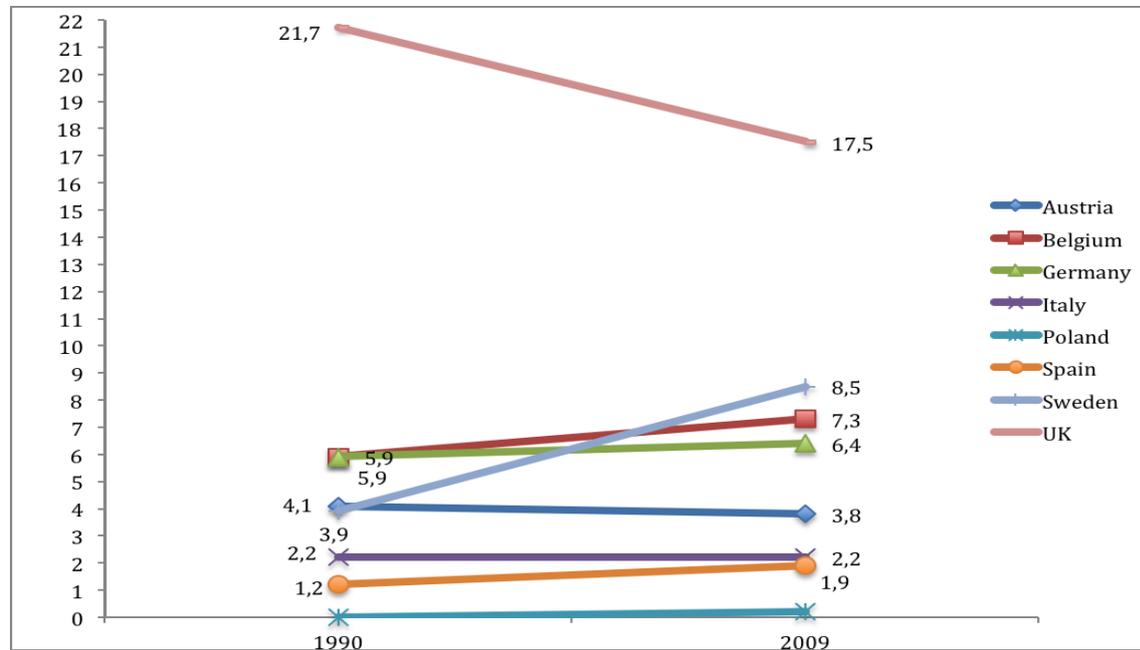
Data referring to single policy areas (such as pensions) show that this sort of variation is replicated at the single policy level: for instance in the UK (and to a lesser extent in Germany), occupational pensions are extremely significant in terms of spending and pension fund liabilities (spending on occupational pensions contributes to the high level of voluntary private welfare spending). Voluntary pension spending is much lower in the other countries (especially Poland and Austria).

Figure 2 provides a more dynamic picture: comparing data for 1990 and 2009 we can trace some key trends for the eight countries. Three groups can be detected: the first group (UK and Austria) have experienced some decline of voluntary private social spending in recent decades. This means that total social spending (including public and private spending) has grown more (or decreased less) than voluntary private expenditure.

The second group of countries (Sweden, Belgium, Spain, Germany, and Poland) has seen a strengthening of the role of voluntary private social spending (it has grown more than public and private spending together). In Italy, the role of voluntary private schemes has remained stable: for two decades the ratio between voluntary private spending and total spending has been the same. This comparative data provides some initial information about the role of private welfare, but more in-depth information is needed to understand the role, shape and trends of voluntary occupational programmes in the eight countries. On the basis of the country reports provided by

the project partners, we can add some crucial information (despite the lack of complete statistics at national level and the problems the partners have experienced in collecting comparable data).

Figure 2. Trends in voluntary private welfare (as a % of public and mandatory social spending)



Source: OECD Socx Database

Table 1 summarises key evidence on the coverage of voluntary occupational schemes. We refer here to the number of employees covered by VOW programmes (as a % of total employees) for the three policies covered by the project: healthcare, reconciliation of work and family life, and training (with reference to continuing vocational training). We also have evidence of voluntary occupational pensions that are of extreme importance in many countries. Evidence from the country reports proves that VOW is of substantial importance (meaning that it covers more than 20% of the total number of employees) - in at least one of the policy areas covered - in all the countries under scrutiny. Even in the case of Poland, we have evidence of some importance of VOW (in the field of the reconciliation of work/family life and in particular through the setting up of company social funds and of working time arrangements helping reconciliation). The broad picture seems consistent with the international dataset mentioned above. Yet there are some interesting variations related to the fact that the UK (a country with a high level of spending on voluntary private welfare) does not show an impressive degree of coverage. Even in the case of pensions, fewer than 50% of employees are covered by occupational schemes. While in other countries where total voluntary private spending is lower (e.g. Sweden and Belgium) the coverage is broad in various policy fields: training, healthcare, sickness insurance, etc.

Table 1. Coverage of VOW (% of total employees)

	Pensions	HC	REC	TRA (CVT)
Austria	MARGINAL	MARGINAL	MARGINAL/ BROAD (working time arrangements)	SUBSTANTIAL
Belgium	SUBSTANTIAL	BROAD	MARGINAL/ (working time arrangements)	BROAD
Germany	BROAD	BROAD (Sickness benefits)	SUBSTANTIAL	SUBSTANTIAL
Italy	SUBSTANTIAL	SUBSTANTIAL	SUBSTANTIAL	SUBSTANTIAL
Poland	MARGINAL	MARGINAL	SUBSTANTIAL	MARGINAL
Spain	SUBSTANTIAL	BROAD	SUBSTANTIAL	SUBSTANTIAL
Sweden	BROAD	BROAD (Sickness insurance)	-	BROAD
UK	SUBSTANTIAL	MARGINAL	BROAD	MARGINAL

< 20%, MARGINAL; 20-50%, SUBSTANTIAL; >50%, BROAD

Source: *Our own elaboration from the Prowelfare country reports (2013)*

The other key information provided by Table 1 is that coverage varies from one policy field to another. Different risks are covered to a differing extent by VOW programmes. In many respects, as we will see below, a focus on risks seems to be the best way of shedding light on VOW.

Table 2 provides evidence of the type of benefits/services VOW provides in the eight countries (4). In the case of Healthcare (HC), we see two different types of provision. One type is related to the more traditional industrial risks. This is the case of sickness and injuries at work. Supplementary protection against these risks is particularly important in Sweden, Germany, Austria and Spain. The other type is more related to benefits linked to public healthcare: this is the case of supplementary hospital insurance, flu vaccination, medical check-ups (provided in Belgium, Italy, Spain and in other countries).

4. The list of benefits is based on evidence collected through both country reports and the online survey.

Table 2. Type of benefits/services in the policy areas

Pensions	HC	REC	TRA (CVT)
Pension funds	Sickness insurance	Working time arrangements (flexible working time)	Training services (provided by the enterprise or outsourced)
At sectoral, company-level	Health protection at work	Leave	(Paid and/or unpaid) Training leave
Provided by the employers or through financial institutions	Services (Hospital insurance;	Financial support (child bonus)	Vouchers
	Flu vaccination;	Childcare	
	Medical check-up;		
	Ambulatory fees		
	Reimbursement of Medication costs		

Source: Our own elaboration from the *Prowelfare country reports (2013)*

In the case of work-family reconciliation (REC), a major role is played by working time arrangements that are used to allow flexibility and to shape working time, allowing workers to deal with their family duties. This type of working arrangement is in fact a difficult issue, in that it is geared towards favouring REC, but is, in fact, primarily a tool for arranging business interests and increasing the firms' competitiveness. Other benefits consist of parental and family leave, financial support for families (e.g. child bonuses) and, in a few cases (for a limited share of employees), services (e.g. childcare).

For training we have focused in particular on CVT (continuing vocational training): in all countries this consists of training services and leave. Despite some differences from one country to the other, the benefits and services provided through VOW are largely the same in the eight countries.

Table 3 gives a broad (and still vague) picture of the form of VOW and its governance. VOW takes different forms: company-level schemes, sector-level schemes, bilateral funds at local or regional level and national level funds. Schemes covering one single risk (e.g. pension funds; sickness insurance funds, etc.) sit side by side with multi-risk schemes. The latter are implemented – among others - in Belgium and Poland.

Table 3. Form, governance and role of VOW

	Form	Governance	Role
Austria	Company-level funds (pensions; HC) Outsourcing (CVT)	Bipartite in health at work Works Councils in REC and CVT ('chain regulation')	Supplementary
Belgium	Multi-task funds (Security of existence funds) Sectoral and Company level funds	Bipartite (sectoral) funds (based on 'chain regulation')	Supplementary
Germany	Sectoral/company level (with or without Works Councils)	Bipartite (chain regulation)	Supplementary/Substitute in the case of CVT
Italy	Bilateral funds	Bipartite (sectoral level)	Supplementary
Poland	Social funds/health packages	Unilateral (company level)	Supplementary
Spain	Company-level funds (equality funds/tripartite funds)	Bilateral (company level)	Supplementary
Sweden	National level funds (AFA) Transition Agreements for dismissed workers	Chain regulation Bilateral (national level; company level)	Supplementary
UK	Employers' plans	Unilateral (company level)	Supplementary/Substitute in the case of CVT

Source: Our own elaboration from the *Prowelfare country reports (2013)*

Outsourcing also takes place: firms pay for services provided by their associations and/or external agencies (e.g. health protection and training). In terms of governance, many countries have a system of what we have called 'chain regulation', where both public and private actors cooperate to manage VOW protection. This is the case in Spain, Austria, Sweden and Germany, where public authorities (at national and/or sub-national level) provide framework regulations which are then followed by more specific rules contained in collective agreements at national/sector/company level. In the case of CVT, the EU has played a role, through financial resources and programmes that have been used by national authorities and/or social partners (evidence is provided in the Austrian, Swedish and Italian reports). In a few cases, public regulation is very limited (if any) and much is delegated to social partners (training activities in the UK, Poland and Austria).

Table 3 introduces a basic summary of the role of VOW compared to statutory schemes: in all the countries under scrutiny VOW is supplementary rather than substitutive of statutory welfare programmes. Exceptions are training in the UK and Germany, while some risks of substitution of statutory programmes exist in the cases of Italy and Poland.

Table 4 below presents some evidence as to the scope of VOW across different potential lines of fragmentation. As we can see, the country reports have provided evidence of much fragmentation in terms of the coverage of industrial sectors, occupational groups, firms, and gender.

Table 4. Scope of VOW (homogeneous/fragmented)

Lines		Key determinants
Industrial sectors	<ul style="list-style-type: none"> - Private services (banking sector) have been the leading sector - Lower protection in some specific sectors (some manufacturing sectors) 	<ul style="list-style-type: none"> - Long-term trends (front-runners) - Different business strategies
Occupational groups	<ul style="list-style-type: none"> - Standard employment relations more protected - High-revenue groups more protected - White-collar more than blue-collar 	<ul style="list-style-type: none"> - Hiring and rewarding strategies
Company size	VOW more widespread in large enterprises	<ul style="list-style-type: none"> - More union density (Italy); - More generous and institutionalised collective agreements (Austria); - Multinationals (Poland); - Different business strategies (Poland; UK; Germany)
Gender	<ul style="list-style-type: none"> - More men than women (health-care VOW in Belgium, UK; training in Germany and UK) - Some reversed trends in Reconciliation and Training (Sweden; Poland) 	<ul style="list-style-type: none"> - Often mirror effect of labour market trends - Specific social needs

Source: Our own elaboration from the *Prowelfare country reports (2013)*

Some industrial sectors are characterised by broader coverage and more generous provision. This is the case of the banking sector (in the private services cluster), which has been a front-runner in many countries (e.g. Belgium, Italy, Germany). Other sectors are, by contrast, characterised by lower coverage and generosity: this is the case of retail, tourism (Italy) and construction, at least in some countries. The public sector is often covered by separate regulations (as is the case of training in Austria and Sweden).

VOW and the provision of benefits and services also tend to vary across occupational groups. This is the case of differing treatment between workers in standard employment relations (usually more protected) and those with atypical contracts (usually less protected, at least in Italy, Belgium, Germany). Protection can also depend on hierarchy and on revenue-groups: managers and executives are better protected (in Belgium, Italy), while high-revenue occupations are better-served in the UK. Gender is also a key determinant: more men than women receive VOW in the field of healthcare services and benefits (in the UK, Italy and Belgium) while the opposite is true in Sweden. The key source of fragmentation in the extent of VOW and the protection provided against social risks is company size: in all the countries under scrutiny, large enterprises provide more opportunities for workers than small and medium enterprises.

The research at the country level has also led to some interesting results as to the type of risks covered by VOW. If we distinguish between old and new social risks (the former represented by old age and health problems; the latter by work/family reconciliation and to some extent skills

formation) we see different trends in the different countries (Table 5). In some of them, old risks are more widely-covered (e.g. the case of Sweden), in others new risks are better covered (Austria and Poland). In most countries, the evidence is mixed.

Table 5. VOW coverage of old and new social risks

Lower OSR/Higher NSR	Higher OSR/Lower NSR	Mixed evidence
<p>Austria (Low in HC; High Reconciliation and Training)</p> <p>Poland (Low in HC and Pensions; higher in working time arrangements and leave)</p>	<p>Sweden (pensions; sick pay)</p>	<p>Belgium (high in HC and pensions)</p> <p>Germany (homogenous)</p> <p>Italy (homogenous in all sectors)</p> <p>Spain (high in HC, lower in Pensions)</p> <p>UK (high pensions; low in HC; high in REC; low in CVT)</p>

Old risks, old age and health problems

New risks, work/family reconciliation; skills formation

Source: Our own elaboration from the *Prowelfare country reports (2013)*

As for trends in the development of VOW schemes, it is safe to say (in line with international datasets) that VOW has spread in the last two decades with the exception of the UK and, to some extent, Austria. If we look at the most recent period, in the shadow of the *Great Recession*, in some of the countries under scrutiny we see some stagnation if not decline of the phenomenon. As shown in the sections below, some countries are experiencing a decline in VOW (e.g. Spain) due to adverse economic conditions.

2. INTERACTION BETWEEN VOW AND INDUSTRIAL RELATIONS

Having summarised the main findings of the evidence collected through the country reports and the survey, this section provides some first analytical reflections on the development of VOW in the countries under scrutiny, and its interaction with industrial relations institutions.

We start with a reference to the industrial relations models in Europe. We refer here to the clusters identified by Visser and then used in the Commission's publication on the state of industrial relations in the European countries.⁵ Five different industrial relations clusters have been identified (see Table 6).

⁵ European Commission (2013), *Industrial Relations in Europe 2012*, <http://ec.europa.eu/social/main.jsp?catId=738&langId=fr&pubId=7498>

Table 6. Scope of VOW in different industrial relations clusters

	Industrial relations clusters				
VOW (private social exp.)	Liberal Countries	Organised corporatism	Social partnership	State-centred countries	Mixed Countries
> 15%	UK				
>5%<10%		SWE	GER BEL		
<5%			AUT	ITA SPA	
>0%<1%					PL
Siaroff's index of corporatism	Low	High	Medium	Low	Low

Source: European Commission (2013)

Among the countries under scrutiny here, the UK is a typical example of a liberal country with an average organisational density of actors, collective bargaining at a decentralised level, low fragmentation of actor organisations, and almost no interaction with state authorities (European Commission, 2013). Sweden represents the organised corporatism cluster: this consists of countries with high social partner density, high bargaining coverage and intense interaction between the state and social partners. The social partnership cluster consists of those countries with medium organisational membership density and high rates of collective bargaining coverage, with a high level of centralisation and high fragmentation of actors. Austria, Belgium and Germany belong to this cluster. Italy and Spain represent the state-centred cluster, where social partners have medium density of coverage, collective bargaining is more decentralised than in the social partnership cluster and actors are fragmented. Finally, the mixed cluster is represented by those countries (such as Poland) with low organisational density of actors, few actors (with low organisational resources), low collective bargaining coverage at a decentralised level and no interaction with state authorities.

While the case of Poland proves that it is difficult for VOW to develop where industrial relations institutions are weak, the examples of the UK, on the one hand and Sweden, on the other, prove that VOW can play a key role in very different institutional contexts (Table 7).

Table 7. Key traits of industrial relations systems in the countries under scrutiny

Country	Employees covered by collective bargaining (%)	Main level of collective bargaining
Austria	99% (99%*)	Industry
Belgium	96%	National (sets framework)
Sweden	91% (87%*; 100%**)	Industry – but much left to company negotiations
Italy	80%	Industry – but increasingly a role given to company negotiations
Spain	80%	Industry – but new law gives precedence to company agreements
Germany	62% (62%*)	Industry
United Kingdom	33% (18%*; 68%**)	Company
Poland	30%	Company

* coverage in the private sector; ** coverage in the public sector

Source: ETUI

(<http://www.worker-participation.eu/National-Industrial-Relations/Across-Europe/Collective-Bargaining2>) and ICTWSS (Version 3.0)

If we look within each single cluster, different countries can have different configurations of VOW. In the social partnership cluster, for instance, Austria has much weaker VOW than Belgium and Germany. And Italy and Spain, both part of the State-centred cluster, differ greatly in terms of VOW institutions and trends.

As for the ‘most widely-differing’ cases of UK and Sweden, both with VOW coverage above the average, such counter-intuitive evidence has very much to do with the different types of VOW in these countries. In the case of the UK, VOW has developed as a consequence of the limited role of public welfare provision, the active role of the state in incentivising voluntary schemes, and because VOW is largely based on the key role of employers (more than that of trade unions, or collective agreements between social partners). By contrast VOW in Sweden is largely based on more all-encompassing schemes (managed by social partners at national level), and regulations are contained in laws and collective agreements at national, sectoral and/or company level. So different types of VOW exist in different industrial relations systems.

These different institutional configurations seem to have direct effects on the distributional consequences of VOW and its spread across the labour force: the UK has high levels of spending, but this is very much concentrated in some industrial sectors, occupational groups, etc. By contrast Sweden shows a much lower level of spending, but with broader coverage and a more even spread across industrial sectors and occupations than in the UK (see the two country reports).

After this preliminary analysis, it is crucial to address the interplay between industrial relations institutions and VOW, in two ways. On the one hand, industrial relations systems may have an effect on VOW (and its further development, if any). On the other, VOW may represent a source of strength and/or weakness for the industrial relations system and for trade unions and employers in particular. As far as the first dimension is concerned (the way in which industrial relations institutions may influence VOW), what seems important is the original model of social partner involvement in social policy administration. We are referring here to the governance of both mandatory and voluntary occupational welfare. Where trade unions have a traditional role in

managing social benefits (e.g. unemployment insurance), they seem to have a good basis for a more active role of social partners in the governance of occupational schemes. Among the countries under scrutiny, those with a Ghent system of unemployment insurance (Sweden and Belgium) show strong trade union involvement in occupational welfare.

As far as the second potential interaction is concerned, (the way in which VOW may have an influence on industrial relations), here we address the potential effect (in terms of risks and opportunities) of VOW on the role of social partners and of social dialogue institutions in the different countries. While the issue is partly covered by section 4, on the social partners' motivation and their viewpoint on VOW, here we propose some first reflections. In terms of risks, some country reports, and the survey, have shown that trade unions fear that VOW may impair their capacity to represent the whole labour force, their work to defend universal rights and to play a pro-active (rather than a defensive) role in collective bargaining and in the mobilisation of their labour force on more key issues (such as wages and work organisation). The German report shows that employees are very focused on wages, and put wage increases at the top of their interests (more than social benefits). By contrast, evidence provided by other country reports (e.g. the UK) emphasises the potential of VOW to attract new members and to strengthen their organisational resources (receiving tax advantages from the state).

3. INTERACTION BETWEEN VOW AND THE WELFARE STATE

In the previous section we have analysed the interaction between industrial relations institutions and VOW. This section focuses on the interplay between welfare regimes and VOW. We start from the comparative data on the weight of private social expenditure (Table 8). As we have stressed above, this is a rough assessment of the role of VOW. Yet it provides initial evidence of broad trends.

Table 8. Role of voluntary private social expenditure across welfare regimes

Voluntary private social exp.	Welfare regimes				
	Liberal	Social-democratic	Conservative-corporatist	Southern	Post-socialist
> 15%	UK				
>5%<10%		SWE	GER BEL		
<5%			AUT	ITA SPA	
>0%<1%					PL

Source: our own elaboration from the OECD Socx database

This information confirms the interplay between social and voluntary occupational welfare already described by Bent Greve.⁶ We refer here to two country clusters: the Nordic/Central cluster (with a higher level of spending on occupational welfare schemes), and the Eastern/Southern cluster (with lower spending). Using these categories, Austria, Belgium, Germany, Sweden and the UK are part of the first cluster, while Poland, Italy and Spain belong to the second cluster. The Nordic and Central cluster consists of countries belonging to Liberal, Social-democratic and Conservative-corporatist welfare regimes. The Eastern/Southern cluster is represented by countries belonging to Post-Socialist and Southern-European welfare models.

It is particularly interesting to see the different trends in these countries (and within the two social/occupational welfare clusters). In a broad sense, no common trend is detectable. An analysis of the eight countries under scrutiny shows no shift from public to occupational protection. On the contrary, we see huge variations. For instance, the two countries at the top of the ranking (UK and Sweden) have, over the last two decades, shown two opposing trends: an increased role (VOW and private welfare in general) in the case of Sweden, and a declining role for VOW in the UK. And the same variation is seen between Southern-European countries. Especially since the crisis, Italy and Spain seem to be diverging: the former is experiencing austerity measures applied to social welfare, while in the latter, VOW is further developing (especially in the context of healthcare and work/family reconciliation). In the case of Conservative-corporatist countries we also see large variations: Austria and Germany show different trends (the former is characterised by the growing marginality of VOW, while in the latter it is increasing, especially in the field of pensions).

It is safe to say that there is no evident and automatic trade-off between public welfare provision and occupational welfare. This is the case in Poland where the low level of public welfare expenditure has not led to a 'crowding-in' effect for VOW. If we look to more recent trends, Spain is a case where austerity in public welfare programmes has not led to an increase of VOW. Instead, we have seen a 'double retreat' of the state and employers from providing welfare benefits and services. This is particularly the case for training. In many countries, Spain but also Poland and the UK, training seems to decline in a context of austerity, at a time when both governments and firms need to contain costs.

A second insight concerns the supplementary or substitutive role of VOW. Here again, different tendencies can be detected between the eight countries. On the one hand, and in line with the main fears of the trade union movements, some countries are experiencing a potentially increased role of VOW as a challenge to social welfare. This is the case of Italy, where supplementary healthcare protection provided through collective agreements (and/or unilateral decisions of the employer) may crowd out public protection. This is strongly linked to the more effective occupational protection provided. By contrast, the case of German sickness protection provides evidence of how occupational and statutory schemes can combine to provide help to employees. When governments have tried to cut public sickness protection, trade unions have mobilised and used VOW to offset the negative effects of the reduced public protection and to counteract cost-containment and compensate the workers. VOW has acted as a hook that trade unions may use to mobilise and force employers and decision-makers to retreat from public spending cuts in the particular policy area.

⁶ Greve, B. (2007), *Occupational welfare*. Cheltenham, Northampton: Edward Elgar.

4. MOTIVATIONS FOR THE INTRODUCTION OF VOW

If the analysis so far has shown differences and similarities between countries, in terms of how and where VOW programmes have been developed, the results become far more homogeneous when we examine motivations and reasons behind the introduction of these provisions. Here we refer to the main results of the online survey launched by Prowelfare some months ago (we have collected 58 responses across the eight countries under scrutiny) and the evidence provided by the country reports and interviews collected by the partners.

At a first glance, social partner feedback tends to be positive in terms of VOW potential, while the topic is perceived as marginal in the overall agenda (especially since the crisis). As Table 9 shows, employers' motivations tend to be grouped around a few concepts. In practically all the countries considered, VOW programmes are seen as a potential tool for human resources management, in order:

1. to recruit and to retain workers, especially qualified workers; offering them (complementary) welfare benefits can be seen as an asset which can be used on the labour market by certain companies and economic sectors, to attract highly skilled workers;
2. to enforce loyalty and, especially, staff motivation by increasing worker satisfaction, as a result of the benefits they receive.

If these two interlinked motivations are common to practically all countries, two other reasons are less widespread but still important:

3. cost containment and direct positive impacts on productivity, is a point often indicated in many countries; in different contexts, enterprises tend to consider VOW programmes as a possible equivalent to wage increases for the workers, but less costly for the company. By offering VOW benefits firms can, in particular, supply valuable services and provisions to workers (e.g. health care prevention programmes, child care services, more flexible working hours), which can avoid all the extra-costs linked to salary increases (e.g. social contributions, etc.);
4. cost containment and direct positive impacts on productivity are even more important in those countries where fiscal incentives exist, increasing the economic advantages for enterprises.

Table 9. Companies' motivations for introducing VOW

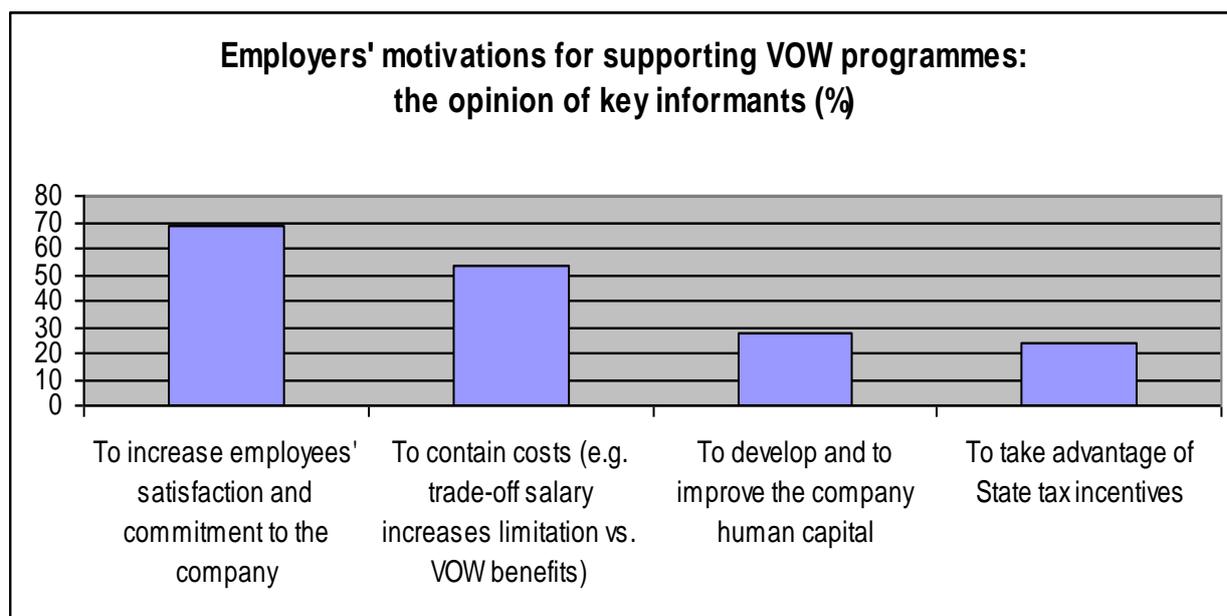
	In general	Specificities
Austria	recruit / retain workers (especially qualified ones), company image	
Belgium	enforce loyalty and staff motivation, contain costs, Fiscal incentives	Differences in relation to company size: big companies all three motivations vs small companies (mainly worker satisfaction)
Germany	enforce loyalty and staff motivation, recruit / retain workers (especially qualified ones), Productivity (especially in CVET)	
Italy	enforce loyalty and staff motivation, recruit / retain workers (especially qualified ones), Wage moderation, Fiscal incentives	
Poland	enforce loyalty and staff motivation, recruit / retain workers (especially qualified ones)	Multinational companies tend to introduce more VOW as a result of the negotiations between management and international representation of the employees
Spain	enforce loyalty and staff motivation, recruit / retain workers (especially qualified ones)	VOW as a tool for HR management to retain and motivate workers in a situation of uncertainty and cost reduction (e.g. wage freeze processes, collective redundancies, business restructurings or the incorporation of new staff at lower salaries)
Sweden	recruit / retain workers (especially qualified ones), enforce loyalty and staff motivation, Productivity	
UK	recruit / retain workers (especially qualified ones), enforce loyalty and staff motivation, Productivity	Productivity issues particularly relevant in health care

Source: *Prowelfare country reports (2013)*

As shown in Figure 3 below, the survey we conducted of a sample of key informants substantially confirms this picture. An increase in employee satisfaction and in the commitment to the company, also as a tool to retain and to attract workers, seems to be the main reason for companies' support of such programmes.

The second main reason, less widespread but still quite relevant, is related to cost containment, in particular through possible trade-offs between pay freezes and VOW benefits.

The use of VOW programmes in order to improve human capital within the company seems a considerably less common motivation for the adoption of such benefits. Tax incentives seem to play a role only in certain contexts.

Figure 3. employers' motivation for supporting VOW

Source: *Prowelfare online Survey (2013)*

If we turn to trade unions' motivations in fostering VOW programmes, the picture becomes even more straightforward. In general, VOW benefits are considered by TUs, when they express a positive assessment of such tools, as a tool to improve not only employees' working conditions, but, often, also the conditions of their families, thanks to a broadening of social provision (Table 10).

Table 10. Trade Unions' motivations for introducing VOW

	In general	Specificities
Austria	improve working and social conditions of workers (and their families)	
Belgium	improve working and social conditions of workers (and their families), long standing tradition (banking)	
Germany	improve working and social conditions of workers (and their families)	
Italy	improve working and social conditions of workers (and their families), More co-responsibility in firms	Social rights and social protection of the population very relevant especially since austerity measures mean cuts to the WS
Poland	Limited role of TUs	
Spain	improve working and social conditions of workers (and their families), More co-responsibility in firms	Social rights and social protection of the population very relevant especially since austerity measures mean cuts to the WS
Sweden	TU membership and recruitment, TU legitimization	AFA Insurance as an example
UK	Limited role of TUs	

Source: *Our own elaboration from the Prowelfare country reports*

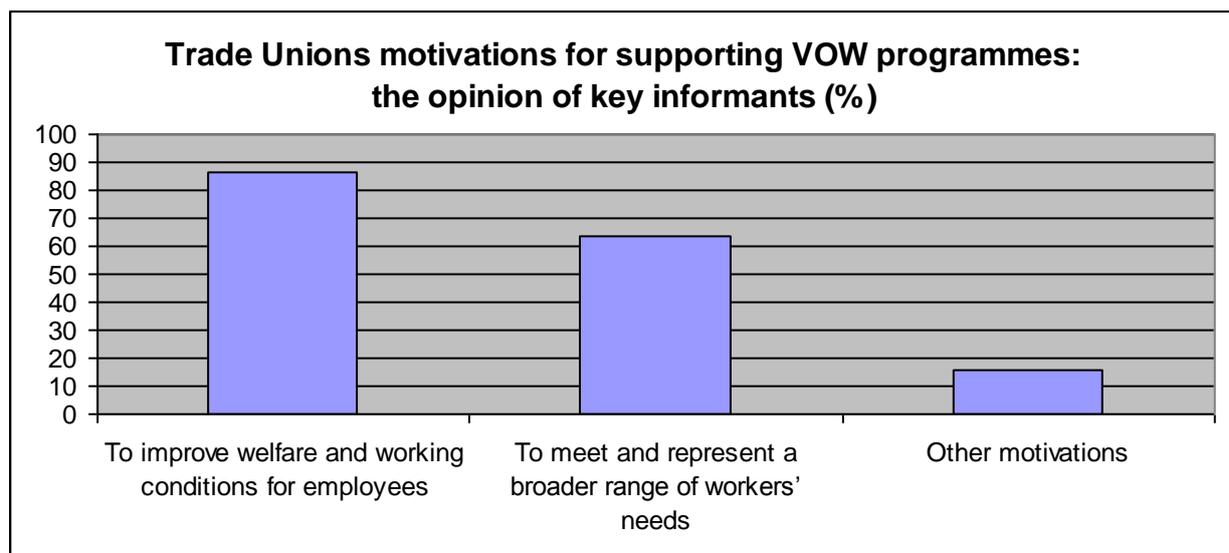
Specifically in relation to education and training programmes, TUs perceive the potential capacity of such provision as an opportunity to improve workers' skills, whereas reconciliation and health care benefits are seen as potential opportunities to improve an employee's general household situation (either directly, by offering benefits also to family-members, or indirectly, by facilitating the worker's daily life).

Three additional remarks have to be made in order to complete this picture. In Italy and Spain, the two countries most hard-hit by the economic crisis and the following austerity plans, TUs clearly appreciate the potential importance of VOW schemes at a time when the Welfare State is less generous and able than in the past to provide coverage for social rights and to offer a decent level of provision.

In the UK and Poland, it is more complicated to assess TU motivations for encouraging VOW programmes, given their limited role in the design and the implementation of such benefits. The Swedish case is quite interesting in terms of TU motivations. In a country where traditionally the welfare state has been quite generous and well developed, TUs also see certain VOW programmes as an opportunity to strengthen the ties to and the commitment of their membership, by directly offering a series of benefits (see for example the functioning of AFA Insurance, already discussed in the previous sections).

As shown in Figure 4 below, in this case also the results of the online survey of a sample of key informants largely confirms what we have described so far. TUs are mainly motivated by the wish to improve welfare and working conditions for employees, and to enlarge the range of services which they can supply to help meet workers' needs.

Figure 4. Trade union motivations for supporting VOW



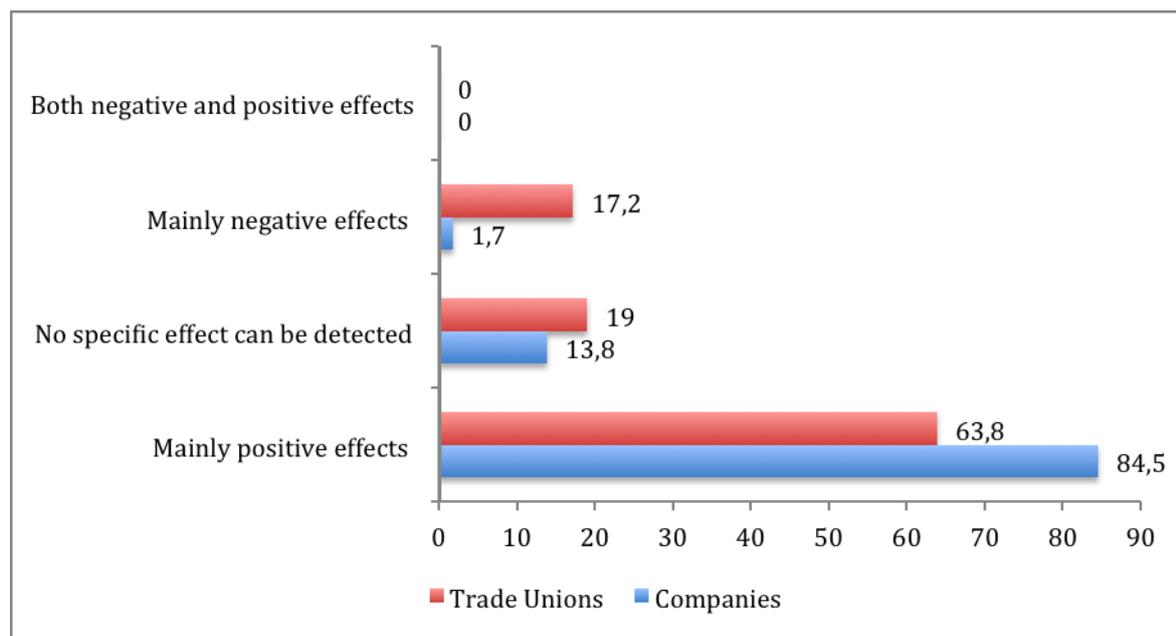
Source: *Prowelfare online Survey (2013)*

5. SOCIAL PARTNERS AND VOW PROGRAMMES: SUGGESTIONS AND POINTS FOR DEBATE

At the end of the action, we can try to summarise some of the main results. Although significant differences remain between many European countries, VOW programmes are becoming relatively more widespread in Europe. They tend to take on different features, depending also on the type of social risks to be covered. While enterprises are key actors in promoting these types of benefits, quite often trade unions play an important role in shaping them, as well as governments, which provide indirect (fiscal) incentives. So far, in most European countries and for the majority of policy fields, VOW programmes have been designed as an addition to the welfare state more than as a substitution: the result has been broader coverage against social risks for many workers. However, the way in which VOW programmes work in Europe also raises some questions. In some cases it is possible that a shift may occur from a supplementary role for VOW benefits to a substitute role. Moreover, there are signs that there is strong differentiation (and a possible dualisation) in access to these benefits depending on, for example, economic sector, occupational situation, type of labour contract and size of the firm.

VOW programmes seem to be a sort of 'double-edged sword'. They offer possibilities for improving workers' conditions and lives. At the same time they could act as incentives to weaken the welfare system (and the welfare state) and to fragment employees' conditions on the labour market. In the final part of our project, therefore, we provide suggestions and points for a fruitful debate on VOW among social partners, trying to avoid a simple dichotomisation of this debate (against or in favour). In order to provide suggestions, it is helpful to look at some of the answers we received from our survey, and to match these with the information collected through the country reports.

Overall, key informants define as 'mainly positive' the effects of VOW programmes on companies. This positive evaluation is mainly related to factors and reasons outlined in the previous section: on the one hand, greater worker loyalty and commitment and more possibilities for attracting skilled staff; on the other, increases in productivity and issues potentially related to this (wage moderation in exchange for welfare benefits, lower levels of absence from work) (Figure 5).

Figure 5. Social partners' perception of VOW and its effects on the role of companies and trade unions

Source: Prowelfare online Survey (2013)

Table 11. Main effects for companies (two possible answers)

Greater loyalty of workers	29.3
Increased productivity	27.6
Wage moderation (as a partial alternative to wage increases)	20.7
To attract workers to the company	17.2
To reduce workers' absence from work	17.4
Lower levels of industrial conflict	14.5

Source: Prowelfare online Survey (2013)

If we look at the answers given by key informants on the impact on trade unions of such programmes, the picture is still mainly positive (the most frequent answer was 'mainly positive effects'), but there were some respondents who argued that negative effects, alongside the positive ones, can also be detected (Table 12).

Among the positive effects, key informants indicate the fact that VOW seems able to improve the status of trade unions among workers, in terms of legitimacy as much as with respect to improving the coverage of workers' social needs. A by-product of the introduction of VOW programmes is increased membership, indicated by one respondent out of five, as well as an increased role in collective bargaining activities.

Table 12. Main effects for trade unions (two possible answers)

Improved status of trade unions among workers	43.1
Better consideration of social needs of workers	36.2
Increased role in collective bargaining activities	30.9
Increased worker membership	19.0

Source: *Prowelfare online Survey (2013)*

Country reports show us that especially in countries suffering from austerity plans (e.g. Italy and Spain), VOW can represent, at least in the short run, an opportunity for TUs to better address social needs. Moreover VOW can be an opportunity to increase TU involvement in the different aspects of company organisation: discussing reconciliation issues in terms of flexible working time arrangements can, for example, become an opportunity for workers' representatives to get more involved in the more general planning of human resource management within the enterprise, especially in those countries where TUs are traditionally involved by companies in such issues.

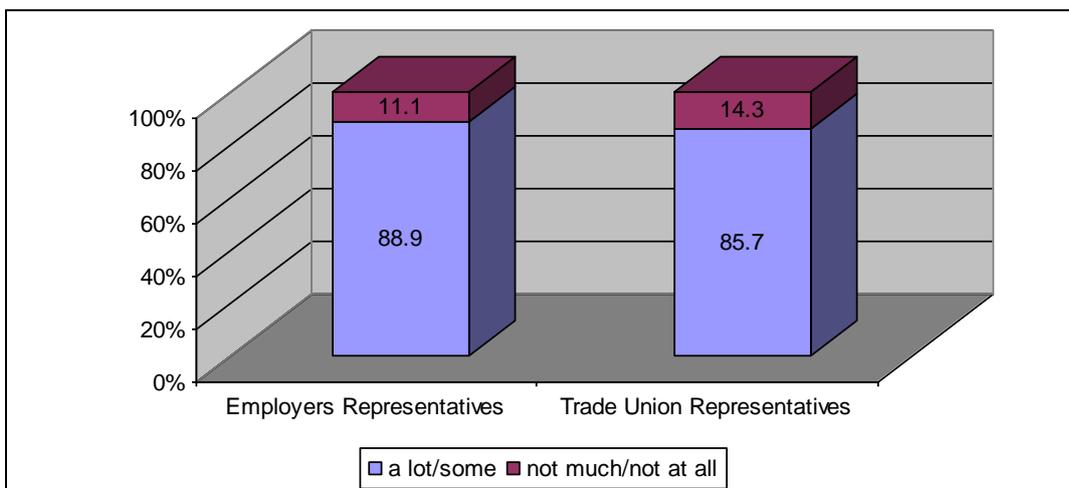
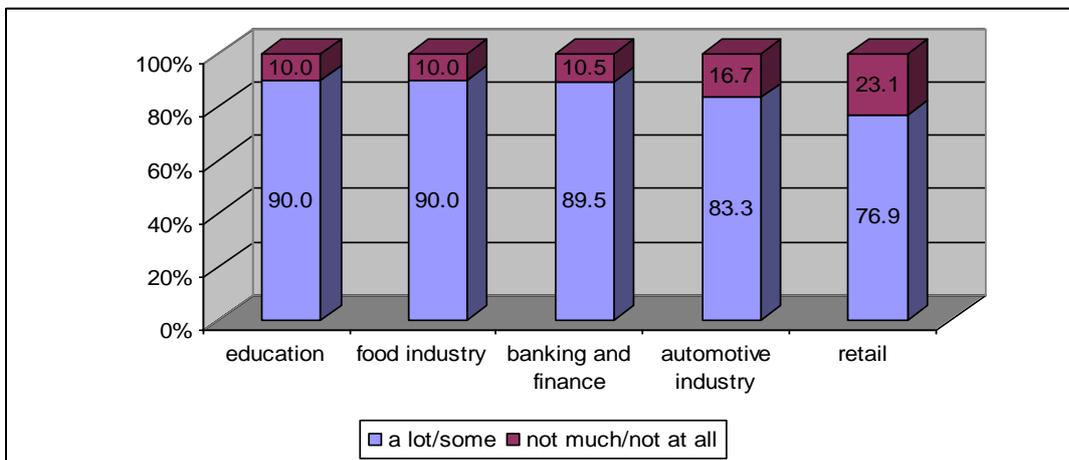
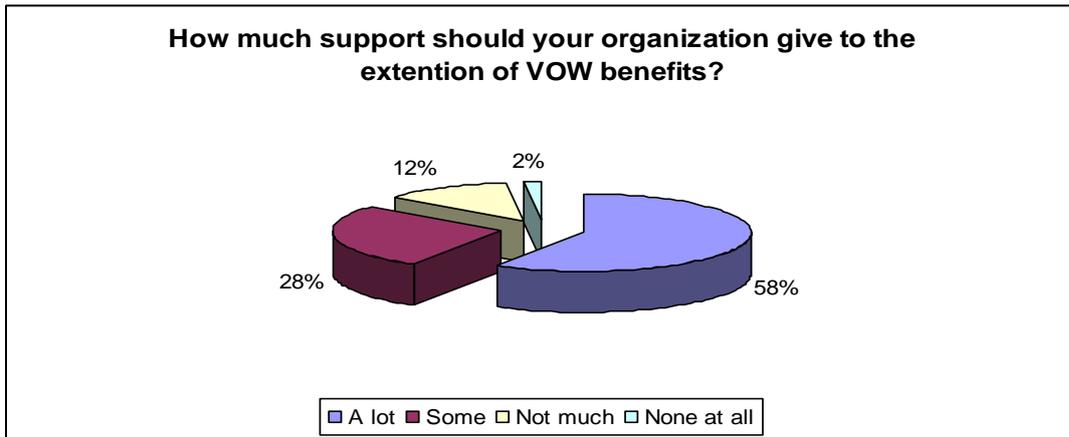
Overall the key informants interviewed provided us with a positive evaluation of VOW programmes and, when asked if their own organisation should support such benefits, the answer was by and large positive (58%), even though some were more critical (14% answered 'not much' or 'not at all') or partially cautious (28% answered 'some support') (7).

An exploratory analysis of the answers by economic sector shows a quite high and even level of support: it is only possible to partially differentiate between the food, banking and finance and education sectors, where around 90% of key informants express (at least some) support for VOW programmes, and the automotive industry (83.3%) and the retail and commerce sector (76.9%), where these percentages are slightly lower, but still positive in general.

It is also interesting to notice that there seems to be no significant difference in the potential support for VOW programmes between key informants coming from the Trade Unions and those representing the employers.

7. Belgium was the only country among the eight of the project where practically all key informants expressed limited or no support for VOW.

Figure 6. Social partners' support for VOW



Source: Prowelfare online Survey (2013)

The fact that many key informants express support for a possible extension of VOW programmes does not mean that many are not also concerned with how this phenomenon should be regulated, in order to avoid a series of shortcomings.

As the previous sections of this document have shown, VOW provision has at least two types of potential shortcoming:

- how it relates to the functioning of the welfare state;
- how it fosters forms of division among workers (in terms of occupational groups, types of labour contracts, company size, etc.).

In order to take into consideration these potential aspects, key informants were asked to give suggestions on how VOW programmes should be designed in relation to a series of issues. For each of these issues there were two possible, opposite, suggestions, placed on a continuum of values from 1 to 10, and informants had to provide a score at some point on this continuum. The table below reports the informants' answers (mean values), also differentiating, when there were relevant differences, between the answers from entrepreneurs' representatives and those from trade unionists (Table 13).

Table 13. Desirable characteristics for VOW benefits

Score 1	VOW programmes should be: (mean values)		Score 10
	Employers	Trade Unions	
a substitute for public statutory welfare programmes	8.7		a complement to public statutory welfare programmes
negotiated and/or planned at enterprise level	3.6	6.9	negotiated and/or planned at national/sector level
offering the same benefits to all categories (e.g. blue-collar, managers, etc.)	4.7	2.9	differentiated benefits to different categories
offering the same benefits to fixed-term and permanent contract workers	3.2		offering different benefits to fixed-term and permanent contract workers
offering the same benefits to part-time and full-time workers	2.8		offering different benefits to part-timers and full-timers
offering the same benefits to workers employed in different sectors (e.g. manufacturing, ...)	4.6	6.2	Offering the same benefits to all workers regardless of their economic sector

Source: *Prowelfare online Survey (2013)*

For half of the characteristics, representatives of employers and workers tend fundamentally to agree. Of course, caution should be used in handling the answers, especially those of employers' representatives, given the size of the sample. However some of the results from the survey seem to be confirmed by the reports.

There seems to be relatively general agreement that occupational welfare should remain, as it is in most policies and countries analysed in this project, a supplement to the welfare state and not a substitute. This opinion seems largely held not only among trade unions but also by a large share of the enterprises' representatives. Shifting toward a VOW system acting more as a substitute than as a complement to the welfare state would also potentially place more direct responsibilities and pressures on the shoulders of enterprises. The potential consequences of such a shift are clearer now than in the past, especially in those countries subject to austerity plans (and welfare cuts), where firms are now starting to realize what it could mean to have to provide welfare benefits in a situation of strong State retrenchment.

A differentiation in terms of the nature of the labour contract (fixed-term vs. permanent, full-time vs. part-time) does not seem to be a preference of our key informants. VOW should offer the same benefits to workers with different types of contracts, irrespective of whether they work part-time or full-time. Where employers' and workers' representatives differ is on two other issues. The first of these relates to the level at which negotiations on VOW benefits should take place: employers' representatives prefer the regional/ enterprise level, whereas trade unions push for a more centralised and national/sector setting. The second difference of opinion relates to whether VOW should provide equally generous benefits to workers in different employment occupations (blue collar, white collar, etc.) and industrial sectors (the food industry, retail and commerce, etc.). Trade unionists tend to prefer more similar treatment, especially between workers in different occupations.

In conclusion, there seems to be the potential for an open and structured debate on the possible roles for VOW programmes.

CONCLUSION

This action has consisted of a systematic collection of information using a set of instruments (literature review, survey, interviews and the collection of collective agreement). The results confirm the increased role of VOW (at least in most of the countries under scrutiny and until the *Great Recession*). As stressed in the previous sections, there is thus evidence of the important role played by VOW in shaping workers' social rights and industrial relations systems.

Yet there are key questions still open, which both stakeholders and analysts should address in the future to improve our understanding of VOW and to see how it can be used in the social partners' interest:

- The first question has to do with the need to clarify the concepts used. The literature provides many different terms and concepts which make it more difficult to gather

information. The term Voluntary occupational welfare (VOW) represents a progress but further research is needed.

- The second question is related to the role of VOW and its interplay with statutory welfare programmes. While it is safe to say that in most countries, VOW is a supplement to (and not a substitute of) the welfare state, the dialogue between social partners, policymakers and scholars throughout the action and its key events has proved that there is still much discussion on the role VOW should play to protect against old and especially new social risks. The latter, at least in some countries, lack effective protection from statutory schemes. In these cases, the active role of social partners through VOW could be seen as a first move: an attempt to provide protection while increasing policymakers' awareness of the need for more systematic coverage.
- The third question relates to the distributional consequences of VOW and the risk of increasing inequality in the coverage of social rights. Further investigation is needed to improve our understanding of the uneven protection of risks across occupational groups, industrial sectors, gender, etc. What the action has shown is that the role of social dialogue and the strength of industrial relations institutions are key in providing more comprehensive coverage by VOW programmes.
- The latter point leads us to look at the fourth open question: this concerns the risk of a weakening of VOW programmes as a consequence of the more limited role of social dialogue in the EU member states, especially in the wake of the crisis. Strong social partners and industrial relations institutions seem to be a pre-condition for a comprehensive and effective supplementary protection of workers' rights.
- The fifth and final question has to do with the governance of VOW. Evidence provided by the country reports proves that VOW is at the core of complex interactions between national governments, regional and local authorities, social partners and the EU. The latter has a role to play through soft modes of coordination and structural funds. This is for instance the case for vocational education and training activities. These aspects are extremely important when it comes to making VOW more effective.
In such a complex system of governance, a key element for further investigation is State support to voluntary occupational schemes. In many countries VOW has been promoted through tax benefits. A cost-benefit analysis should be developed in order to understand whether public financing has a positive effect, attracting many more workers and company resources, or whether it would be better to invest public money in other types of social protection measures.