

Sára Hungler

**THE DUAL NATURE OF EMPLOYEE INVOLVEMENT**

Summary of Doctoral Dissertation

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**Supervisor: Dr. Lehoczkyné Dr. Kollonay Csilla**

ELTE Faculty of Law

Department of Labour and Social Law

Budapest, 2014

# I Executive Summary

Participation at workplaces encompasses different mechanisms used to involve the workforce in decisions at all levels of the organization - whether direct or indirect - conducted with employees or through their representatives. In its various pretexts, the issue of employee involvement has been a recurring theme in economic theories, industrial relations, and human right instruments. The dissertation relies on the rich material which has already been written about participation. Drawing on the finding of these works, the current dissertation sets out to analyse employee involvement from a dual perspective: as an economic tool, which enhances competition and also as a human right, which develops human dignity at workplaces. The dissertation chiefly focuses on forms of direct representation.

The introductory part first concentrates on participation as an element of economic as well as industrial democracy. Second, the notion of participation is analysed from the ILO perspective and as a part of the European Union's social *acquis*. Distinctive characteristics from trade union representations and from other forms of employee representations are drawn up in this part. Third, the hypotheses and the summary of major finding of the research are introduced. Last, an overview on the research methodology is provided.

The second part of the dissertation focuses on the dual nature of employee involvement. First, its origins reaching back to the era of the Weimar Republic are introduced. Second, an overview on different economic theories dealing with participation is presented. Then, the concept of participation in various human rights instruments is analysed.

The third part concentrates on the European dimension of employee participation. First, the existing legal framework is introduced with a special focus on the European framework directive on information and consultation (2002/14/EC), the recast directive on European Works Council and the directive on employee involvement in the European Company (2001/86/EC). Second is the normative conclusion of the dissertation. I argue that the expansion of the personal scope of the Directives 2002/14/EC and 2009/38/EC could effectively contribute to the promotion of employee involvement as a fundamental right at subsidiaries of Europe-based multinational companies which are located outside of the European Union. Third, the changes concerning employee involvement in Hungary are examined in light of the recent re-codification of Hungarian labour law.

The fourth part juxtaposes employee involvement systems in Japan and in the state-socialist era in Hungary to show the important impacts of political, economic and social aspects of democracy on employee involvement. The fifth part concludes the findings of the dissertation.

## II Methodology

Defining the notion of participation or employee involvement required the research of tertiary sources, especially dictionaries and encyclopaedias relevant to the topic. The sources of the ILO and Eurofound<sup>1</sup> were found to be indispensable in the quest for commonly acceptable definitions. After the initial research based on tertiary sources, it was apparent that the topic of employee involvement or participation has been well researched both as an economic and as a legal question. The recent economic crisis also put participation in researchers' spotlight as a possible tool to mitigate the negative impacts of the economic turmoil. The dissertation, however, sets to go beyond the legal instruments and tried to contemplate the relevant socio-economic phenomena as well.

The most important primary sources of the dissertation are the national and international legal instruments concerning employee involvement. With regard to the transnational dimension of employee involvement, the law of the European Union was examined. This analysis contained mostly primary and secondary sources of law, however, supplementary sources of European Union law, such as the case law by the Court of Justice of the European Union, international law and general principles of European Union law were also taken into consideration. Especially the fourth part concerning the state socialist model of employee involvement relies heavily on the historical records of the Trade Union Archives of Hungary (*Szakszervezeti Levéltár*) as well as the Institute of Political History (*Politikatörténeti Intézet*).

Regarding the *de lege ferenda* concept of the dissertation, principles of public international law were examined, with a special emphasis on those of concerning extraterritorial legislation. In this context, the case law of the Court of Justice of the European

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<sup>1</sup> See, Arrigo and Casale (eds) *A comparative overview of terms and notions on employee participation*, ILO Working Paper No 8, (Geneva, 2010) and the European industrial relations dictionary of Eurofound at <http://www.eurofound.europa.eu/areas/industrialrelations/dictionary/>, also, Max Planck Encyclopedia of Public International Law.

Union was also analysed. To understand the transnational dimension of participation outside of the borders of the European Union, legal instruments of non-state actors, such as the regulations of the OECD were analysed. To less extent, company regulations and good practices were also included in the primary sources. The European, Japanese and Hungarian case law on employee involvement also formed an important part of the primary resources. The critical analysis of the court decisions has helped to capture the different and sometimes contradictory interpretations of the legal regulations.

### III Hypotheses, Research Questions and the Summary of the Major Findings

During my research I established the following hypotheses:

H1 EMPLOYEE INVOLVEMENT HAS A DUAL NATURE: IT HAS TO BE REGARDED BOTH AS AN ECONOMIC QUESTION AND AS A HUMAN RIGHT.

H2 DUE TO ITS HUMAN RIGHTS CHARACTER, EMPLOYEE INVOLVEMENT CANNOT BE REGARDED AS A PRIVILEGE OF EUROPEAN CITIZENS, BUT HAVE TO BE TREATED AS A UNIVERSAL RIGHT OF EVERY WORKER AND HAS TO BE SAFEGUARDED WITH SUFFICIENT LEGAL PROVISIONS.

H3 PARTICIPATION IS SUBJECT TO SIMULTANEOUS RECOGNITION OF INDIVIDUAL FREEDOM AND THE FORCE OF SOCIAL INFLUENCES ON THE EXTENT AND REACH OF INDIVIDUAL FREEDOM.

Theories arguing that political democracy and economic development could be treated separately have been overcome, mostly by the advocates of a new theoretical paradigm, known as ‘human development’ or ‘capability approach’.<sup>2</sup> These ‘counter-theories’ argue that urgent human problems and unjustifiable human inequalities have to be addressed in a different way, no matter how much the dominant theories have been rooted historically in policy choices. Increased GDP has not necessarily influences people’s lives, and has little to

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<sup>2</sup> M C Nussbaum, ‘Creating Capabilities’ (Cambridge, 2011, Harvard University Press), x.

do with combating inequality and deprivation. The new approach shall encompass human dignity as its central element.

While the importance of market mechanisms in development should not be denied, other aspects, such as social and economic equity or political liberties, need to be equally considered and assessed. As Amartya Sen phrases it, “[e]conomic unfreedom can breed social unfreedom, just as social or political unfreedom can also foster economic unfreedom.”<sup>3</sup> Sen also challenges the dichotomy, prosperous in East Asian countries,<sup>4</sup> that denies the relevance of political freedom when the urge to meet economic needs requires it. Sen, challenging the “Lee Thesis”,<sup>5</sup> asks the question of what should be more urgent for policy makers: to eradicate poverty, or to guarantee democratic rights (for which poor people have little use anyway)? Sen’s answer to this question is very straightforward: economic development and liberty are interconnected. Separating them or prioritizing one over the other is entirely the wrong approach. Without freedom, including the opportunity to participate in decision-making on matters affecting the main areas of an individual’s life there is no economic freedom. It follows from the above that

H1 EMPLOYEE INVOLVEMENT HAS A DUAL NATURE: IT HAS TO BE REGARDED BOTH AS AN ECONOMIC QUESTION AND AS A HUMAN RIGHT.

The research questions concerning HYPOTHESIS 1 was, (Q1) *What are the most influential economic theories concerning employee involvement?* (Q2) *How employee involvement is addressed in human rights instruments?* and (Q3) *What was the impact of employee involvement on mitigating the adverse effects of the economic crises?*

On one hand, the positive effect of employee involvement has been heavily contested.<sup>6</sup> Indeed, the methods of how decisions are made naturally affect the dynamics of an enterprise.

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<sup>3</sup> A Sen, *Development as Freedom* (Oxford, 1999, OUP), 8.

<sup>4</sup> Sen particularly refers to China and Singapore.

<sup>5</sup> Sen argues against the ‘Lee Thesis’, named for President Lee Kuan Yew of Singapore, which states that denying political and civil rights is acceptable if it promotes economic development and the general wealth of the population (Sen, 1999:15). He rightly insists that we should approach political freedoms and civil rights not through the means of eventually achieving them (GDP growth) but as a direct good in their own right. Freedom is also good because it creates growth. See, O’Hearn ‘Amartya Sen’s Development as Freedom: Ten Years Later’, *Policy & Practice: A Development Education Review*, Vol. 8, Spring, pp. 9-15.

<sup>6</sup> See for example, Michael C. Jensen and William H Meckling, ‘*Theory of the Firm: Managerial Behaviour, Agency Costs and Ownership Structure*’, *Journal of Financial Economics*, October, 1976; E. F. Fama and M. C. Jensen, *Separation of Ownership and Control*, *Journal of Law and Economics*, Vol. 26. No. 2, 1983; R. B. Freeman and E. P. Lazear, *An Economic Analysis of Works Councils, in Works Councils: Consultation, Representation, and Cooperation in Industrial Relation*.

<sup>6</sup> A. A. Alchian, *Uncertainty, Evolution and Economic Theory*, 58 *J Poll. Econ.* 211, 1950

The more participants are involved in decision-making, the longer it takes to reach a conclusion, therefore the more expensive the process becomes.<sup>7</sup> The proponents of the efficiency theories argue that since producing outputs at the lowest cost is in the utmost interest of the residual claimants of a company, it is argued that employees' interest in involvement is contrary to that of the residual claimants. On the other hand, there are many economic theories which argue for the positive correlation between productivity and employee involvement. Path dependence theories, property and human capital theorems and findings of behavioural economics will be presented to challenge the efficiency theory.

While the theoretical discussion has been going on for many decades, the economic crises have provided solid reference points for researchers to study the interrelatedness of firms' performance and the different forms of social dialogue from 2007 onwards. Though the negative consequences of an economic turmoil typically reach the labour market with delay, this time the effects were almost immediately visible,<sup>8</sup> forcing social partners to act quickly. Despite the fact that the crisis was described as an 'omnipresent phantom in the autonomous European inter-professional social dialogue',<sup>9</sup> the various forms of social dialogue at national, sectoral and company level have been proven to be effective instruments in mitigating the negative social and economic impacts of the crisis.<sup>10</sup>

Regarding the human rights character of employee involvement, my starting point was the theory of Hugo Sinzheimer on the interrelation of political, economic and social aspect of democracy, also justified by the findings of Amartya Sen. Further to the principle of democracy, it is argued by Csilla Kollonay Lehoczky that "being involved in decisions made on matters affecting the main areas of the life of a person is a fundamental human right. It guarantees a person to not be treated as a subject, a serf, instead, a 'citoyen' – a citizen in the full moral and political meaning of the word."<sup>11</sup> Even though some of the human rights

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<sup>7</sup> R. B. Freeman and E. P. Lazear, *An Economic Analysis of Works Councils*, in *Works Councils: Consultation, Representation, and Cooperation in Industrial Relations*.

<sup>8</sup> The unemployment rate went up from 7.4 per cent (2007) to 7.7 per cent in October 2008 (See, European Commission, Economic forecast, Spring 2008, 1 European Economy).

<sup>9</sup> S Cluwaert, I Schömann and W Warneck (2010), 'The European interprofessional and sectoral social dialogues and the economic crisis' in *Benchmarking Working Europe 2010* (Brussels, 2010, ETUI), 75.

<sup>10</sup> C E Triomphe, R Guyet and D Tarren, 'Social Dialogue in Times of Global Economic Crises' (Eurofund, 2010), V Glasner and B Galgóczy, 'Plant-level responses to the economic crisis in Europe (ETUI-REHS, 2009), I Guardiancich (ed) 'Recovering from the crisis through social dialogue in the new EU Member States: the case of Bulgaria, the Czech Republic, Poland and Slovenia' (ILO (EC), 2010); B Segol, M Jepsen and P Pechet (eds) *Benchmarking Working Europe 2014* (ETUI-ETUC, 2014,).

<sup>11</sup> Cs Kollonay Lehoczky 'The fundamental Right of Workers to Information and Consultation under the European Social Charter' in Dorsemont and Blanke (eds) *The Recast of the European Works Council Directive* (Intersentia, 2010) 3-4; emphasis in origin.

instruments explicitly promote employee involvement as a fundamental right,<sup>12</sup> its acknowledgment is much dependent on political regimes. Currently only European human rights instruments acknowledge employee involvement as a human right, the European Social Charter and the Charter of Fundamental Rights of the European Union. However, efforts to expand its scope of application were made by the ILO and the OECD.

Even though employee involvement certainly has an economic impact on firms (whether it is positive or negative), as Sen argues, political liberty and civil freedoms are directly important on their own and no further justification is needed for their existence in terms of their positive effects on the economy.<sup>13</sup> In his view, even a tyrannical form of work can itself constitute a form of deprivation. In this sense, human capability is the substantive freedom of people to lead lives which they have reason to value and to enhance the real choices they have. Thus, the basic human value that people ought to have influence on decisions made about issues that affect important areas of their lives should prevail. HYPOTHESIS 2 follows from that argument:

H2 DUE TO ITS HUMAN RIGHTS CHARACTER, EMPLOYEE INVOLVEMENT CANNOT BE REGARDED AS A PRIVILEGE OF EUROPEAN CITIZENS, BUT HAVE TO BE TREATED AS A UNIVERSAL RIGHT OF EVERY WORKER AND HAS TO BE SAFEGUARDED WITH SUFFICIENT LEGAL PROVISIONS.

Kollonay further argues that the protection of human dignity and social democracy requires the extension of human rights to ‘private relationships’, such as employment, and the states have positive obligations to safeguard it. After reviewing the provisions of the relevant human rights instruments and the framework of the transnational model of employee involvement of the European Union, the following research question was formulated: (Q4) *If employee involvement is a fundamental human right – thus, in that sense, has a universal value – what measures have been taken to promote it outside of the European terrain?*

I reviewed the relevant instruments of the ILO and the OECD, and looked into measures of non-state actors as well. The answer to this question was that absent fiat,

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<sup>12</sup> European Social Charter (Arts 21 and 22), Charter of Fundamental Rights of the European Union (Art 27). While the literature is evidently more addressing Article 28, this might be considered evident in the light of the “contemporary” Laval and Viking decisions, however, the importance of the Article 27 rights is not-questioned. For a more detailed analysis see Silvana Sciarra ‘Viking and Laval: Collective Labour Rights and Market Freedom in the Enlarged EU (2007-08) 10 Cambridge Yearbook of European Legal Studies, 563 ff and E Ales ‘Information and Consultation within the Undertaking’ in T Blanke, E Rose, H Voogtsgeerd and W Zondag (eds) *Recasting Worker Involvement? Recent trends in information, consultation and co-determination of worker representatives in a Europeanized Area* (Groningen, 2009, Kluwer).

<sup>13</sup> A Sen, *Development as Freedom* (Oxford), 3, 16.

employers tend not to propagate employee involvement within their organizations. Recommendations, guidelines and other non-compulsory instruments could play an important role, especially at multinational enterprises as compliance with human rights principles have increasingly been measured and evaluated on the market.

The European Union addressed employee involvement in general in three major directives,<sup>14</sup> the European framework directive on information and consultation (2002/14/EC), the (recast) directive on European works councils (2009/38/EC) and the directive on employee involvement in the European Company (2001/86/EC). However, the limited personal scope of legal instruments (European Social Charter, CFREU, various EU Directives) concerning employee involvement overlooks the fact that transnational companies often operate subsidiaries outside of the Member States/Contracting States. The activity of these undertakings significantly contributes to the overall performance of the group, and the different (generally lower) standards of the non-EU countries constitute a competitive edge for most European multinationals. The next research question followed from these findings was (Q5) *What role the European Union could have in better safeguarding employee involvement, as a fundamental human right?*

One of the biggest challenges to controlling the activities of European corporations operating outside of the territory of the EU is the territorial sovereignty of States. The exercise of extraterritorial jurisdiction faces both legal and political obstacles. A general rule of international law affirms that one state cannot take measures on the territory of another state by means of the enforcement of national laws without the consent of the latter. However, within a limited scope, specific principles can offer a legitimate basis for exercising jurisdiction. The doctrine to be applied to justify extraterritorial depends on the nature of the regulatory area.

I took the liberty to examine whether the extension of the personal scope of the relevant EU Directives (2002/14/EC and 2009/38/EC) could theoretically offer a solution to the above problem. I quoted an example from the area of environmental protection, where the EU has made a step towards extraterritorial jurisdiction – supported by the judgment of the Court of Justice of the European Union – to protect a fundamental right (which has nevertheless significant economic impact as well).

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<sup>14</sup> Besides this general frame, a range of directives secure the right of information and consultation of workers in specific situations, such as in case of collective redundancies (98/59/EC), transfer of undertaking (2001/23/EC). The directive on the introduction of measures to encourage improvements in the safety and health of workers at work (89/391/EC) also contains important regulations on participation. In total, more than 15 directives deal with information and consultation in some kind of a general or specific sense and thus form part of the social *acquis* in this regard.

The normative conclusion of the dissertation is that the expansion of the personal scope of the Directives 2002/14/EC and 2009/38/EC could effectively contribute to the promotion of employee involvement as a fundamental right at subsidiaries of Europe-based multinational companies which are located outside of the European Union. The directive on European Works Council has set up an outstanding institutional model for information exchange and consultation on transnational matters of multinational enterprises. Since framework directive 2002/14/EC acts a ‘transmitting agent’ for information and consultation, it would be necessary to expand its scope too. The aim of this extension is the protection of the European workforce, and it does not constitute extraterritorial legislation as it refers to business activities which take place within the EU. If employee involvement has a fundamental value, it should not be treated as a privilege of European workers and its promotion is a positive obligation of the European Union.

It may be argued that the enlarged personal scope would constitute a competitive disadvantage to European multinational companies and therefore would encourage businesses to move their seats outside of the Member States. However, the empirical evidence quoted above proves that it would, on the contrary, ensure even higher level of competitiveness for European undertakings. It has to be also noted that both the framework directive and the EWC directive have problematic areas. The change in the regulatory technique allowing more room for Member States for transposition with regard to the different traditions in industrial relations catered better for employee involvement and constituted a key success factor of the (original) EWC Directive. However, researches showed that due to such flexibility, the actual implementation of the respected Directives resulted in great inequalities in national laws for the detriment of workers.

Due to the recent re-codification of Labour Law in Hungary, it seemed important to examine the changes concerning employee involvement in Hungary. While Act No I of 2012 maintains the democratic principles of its predecessor concerning works councils, it has brought significant changes to the regulation of industrial relations. Since the changes substantially affected the stance of works councils, the research question articulated regarding this matter was (Q6) *Whether the provisions of the new Hungarian Labour comply with the European norms, such as the European Social Charter and Directives 2002/14/EC and 2009/38/EC?*

The new Labour Code successfully cleared away most of the confusion originated in the horizontal dual channel model of Act No XXII of 1992; however, my findings concerning the rights of works councils are rather negative. First, there is a fundamental misconception of

works council to state that the function of works council is to monitor the compliance of employers' practices with the employment regulations. The existing rights of works council are not sufficient to provide effective control over employers. The sanctions related to the unlawful practices of employers, eg, the violation of information, consultation and co-determination rights are not dissuasive enough to prevent the malpractice of employers. As Professor Kollonay argues, sanctions and remedies are indispensable instruments and “a *sine qua non* of the information and consultation rights as genuine and enforceable human rights.”<sup>15</sup> I found that the protection of employee representative is not sufficient. Whereas it is uncontested that ‘regular’ members of works council deemed employee representative (for example the regulations concerning confidential information are binding on them), only the chairperson is protected against unfair dismissal. This practice obviously goes against the requirements set forth by Directive 2002/14/EC and violates Article 22 of the European Social Charter, as well as the provisions of ILO Convention No 135. Third, even though the scope of consultation was enlarged compare to that of the previous Labour Code, the right of co-determination was curtailed. The available remedies are not as effective as they were before. However, without dissuasive sanctions and proper remedies, the right to conclude a workplace agreement covering subject matters of a collective agreement is not a sign of empowerment of works councils, but a rubber stamp on the workplace rules unilateral drawn up by employers. However it might occur as an overwhelmingly strong statement in a doctoral dissertation, in my opinion the new Labour Code – in line with other legislative measures concerning social dialogue<sup>16</sup> – had a significant share in the process which has gradually turned collective labour law into vaudeville in Hungary.

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<sup>15</sup>Kollonay, *Fundamental...*, 30.

<sup>16</sup> Most notably Act XCIII of 2011 on the National Economic and Social Council (*Nemzeti Gazdasági és Társadalmi Tanács*), which abolished tripartite social dialogue in Hungary, or, as a matter of fact, social dialogue *per se*. Another example could be the Permanent Consultation Forum (*Versenyszféra és a Kormány Állandó Konzultációs Fóruma*), which was not even established by a legal instrument.

Finally, while it is unquestioned that participation largely depends on the industrial traditions of a state, I was also interested how social patterns influence employee involvement. I examined two models of employee involvement in particular, the Japanese system and the Hungarian state-socialist model. Analysing how employee involvement is embodied to a given political and social environment, I established HYPOTHESIS 3:

H3 PARTICIPATION IS SUBJECT TO SIMULTANEOUS RECOGNITION OF INDIVIDUAL FREEDOM AND TO THE FORCE OF SOCIAL INFLUENCES

The question I looked into here was (Q7) *How traditional decision-making patterns at workplaces influence employee involvement in Japan?* Japan or more precisely, the ‘Japanese economic miracle’ has gained much attention all over the world. Indeed, the Japanese GDP got doubled and then tripled in the 1960s compare to the years following WWII, and the Japanese employment model significantly contributed to this success. Here I just would like to point out two major aspects. One is that the post-WWII democratization was forced on Japan by the Allied Powers and this process has had an ambiguous success. Second, to some extent following from the first point, Japan does not have a long-standing democratic culture. Feudal patterns could be detected in many layers of its society, especially in decision-making process. This phenomenon also prevails at workplaces. Even though legislative movements have been supportive towards participation, the traditional master-servant type of subordination tradition seems to overwrite the institutionalised system of workplace participation. The limitations imposed on individual freedom to promote social commitment seem to make participation meaningless.

The second model I looked into was the state-socialist model through the example of Hungary. State-socialism promoted workers’ participation and the official rhetoric referred to it as a distinguishing element of ‘socialist democracy’, which was superior to capitalist systems. Participation was also recalled as a tool to improve economic performance. These elements reappeared throughout the legislative movements. While it is presupposed that centralized, autocratic systems are counter-interested in promoting democratic decision making processes, I examined the role of grass-root participatory instruments in political democratization processes first after the end of the second World War and then in the course of the revolution in 1956.

The second research question under this hypothesis was (Q8) *Whether participation could function in a genuine manner in an autocratic regime?* My brief answer to this latter

question is negative. There are extensive interconnections between political freedoms and participation, as a possible realization of economic needs. The significance of economic needs underscores the urgency of political freedoms, rather than deducts it.<sup>17</sup> I drew conclusions from the fourth part of the dissertation concerning non-democratic participation models. I found that the right to information and consultation is an individual right, in a sense that it should be enjoyed unconditionally by every employee.<sup>18</sup> Therefore, it is not possible to have genuine participation in regimes which deny the existence or even question the importance of individual freedom.

There are many similarities between the Japanese and the state-socialist model of participation. First, both system emphasise the importance of group harmony over individual interest and practically deny the reason of existence of the latter. Thus, they regard participation as tool which helps people understand the group interest and execute plans or orders which are considered to serve such interest at best. Group interest could be the interest of a brigade, a shop, a company or a collective, a party, the socialist community itself. In both systems the top-down operation and decision-making methods made workers feel somewhat betrayed. As a reaction, workers oppose mostly passively by ignoring the participation forums and by leveraging on informal channels. Reforms created to enhance activity and therefore increase productivity were stopped halfway, when it became apparent that the recognition of individual freedom and interest would be necessary alongside the newly created or renewed instruments of participation.

Thus, it is not enough if a system is devoted to group- or collective-oriented rights, what matters is the simultaneous recognition of individual freedom and to the force of social influences on the extent and reach of individual freedom. As the examples of Japan and state-socialist Hungary demonstrates, it does not make substantial difference regarding the results, whether the denial is rooted in feudal patterns or a consequence of all-encompassing Party politics, there is no substitute for individual freedom – and individual responsibility either. As Sen argues, any affirmation of social responsibility that replaces individual responsibility is counterproductive.

The success of the European model of participation lies in two interconnected factors. One is the notion of participation that encompasses employee involvement as a human right

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<sup>17</sup> A Sen, *Development as Freedom* (Oxford, 1998), 148.

<sup>18</sup> E Ales ‘Information and Consultation within the undertaking’ in *Recasting Worker Involvement? Recent trends in information, consultation and co-determination or worker representatives in a Europeanized Arena* (Kluwer, 2009) 13. Similarly, Otto Kahn-Freund argued that the right to strike is an individual right; see, O Kahn-Freund ‘*The Right to Strike: Its scope and limitations*’ (Strasbourg, 1974, Council of Europe), 5 ff.

and as a tool for economic efficiency. Two is that participation has a solid foundation based on principles of democracy. Acknowledging participation as a human right is a guarantee that the person is not treated as subject, as 'serf', but a person with human dignity who has a say in decisions made on matters affecting her life. Participation at workplace helps to fight commodification and objectification of human beings. More specifically, employee involvement at workplaces is an important tool in employees' hand to balance the superior economic power of employers. Through the democratization of decision making at the workplace freedom could be brought to employees and therefore they could be eased from subordination in employment relations.

Only democracy can create an environment that fosters the substantive freedom of people to lead lives which they have reason to value, that enhances the real choices they have, and that thereby promotes social justice. Observations Sinzheimer and Sen made on the importance of democracy have to be remembered here. Protection of the human dignity of employees has essential importance to society, as the working power of man is not only an individual but also a social asset. The right to employee involvement has to remain protected and be promoted not only as tool to enhance economic competitiveness but also as a fundamental right. Moreover, this protection cannot be limited to the territory of the European Union in the context of globalization. The recognition of the humanity of workers through involvement ought to be seen as a shared responsibility of global economic actors.

# Significance

The practical applicability of the research on the dual nature of employee involvement is justified by several factors. First, for employees it is crucial to understand how participation affects their working life and to know the rights and obligations are related to participation, especially that the dissertation argues that employee involvement is an individual human right. The results of the research could also be beneficial for works council member and trade union officers to shape social dialogue at workplace level.

Second, employers need to also know not only the relevant legal regulations, but the economic impact of participation. Understanding its many advantages, employers might feel more comfortable to encourage employee involvement. One of the findings of the dissertation is that only genuine participation has positive effects, thus, formal legal regulations might not be able enough to get the maximum benefit of participation. This impact may have increased significance at multinational corporations. Since at the moment there are no enforceable legal regulations with regard to transnational employee involvement outside of the European Union terrain, the voluntary extension of participation through corporate conducts (COC, CSR policy, etc) could have positive influence on workplace culture outside of the European Union, contributing to the protection of employees of these facilities. Corporate human resource managers may also find useful the positive and negative examples quoted by the dissertation, which would be impactful on corporate cultures.

Third, one of the major aims of the dissertation is to highlight the shortcoming of the current national legislation in Hungary. The *de lege ferenda* suggestions concerning the Hungarian Labour Code could easily be implemented, yet such legislative changes would significantly contribute to Hungary's compliance with the European Social Charter, an indispensable international human rights instrument and with the respective Directives of the European Union. Lesser chances for actual application, but the dissertation draws normative conclusions regarding the European legislation by suggesting the extension of the personal scope of Directives of 2002/14/EC and 2009/38/EC.

Fourth, the dissertation could contribute to academic researches on the history of Hungarian (or Japanese) industrial relations, especially the findings related to the documents of the Trade Union and Political Institution archives. Since some of the documents have not yet been analysed, that might bring some novelty to this already well researched area.

Findings of the dissertation may also serve teaching purposes, either in the field of labour law or in human rights education.

## IV Relevant Publications and Conference Speeches

### A List of Publications

*'Employee Involvement as a Tool to Promote Social Justice'* (Munkavállalói részvétel, mint a szociális igazságosság elősegítésének egy eszköze) (2014) IV Studies of Conference of Doctoral Students, Eotvos Lorand University of Sciences, Faculty of Law (*forthcoming*).

*'Munkahelyi Demokrácia Magyarországon 1945-1949'* (Workplace Democracy in Hungary between 1945 and 1949) (2013) 4 Múltunk.

*'Munkahelyi Demokrácia Japánban'* (Japanese Workplace Democracy) (2013) 2 Themis, 140-176.

*'Együtt vagy külön? – Miért nélkülözhetetlen a munkavállalói részvétel a gazdasági társaságok irányításában?'* (Alone or Together? – Why Employee Participation is indispensable for Corporations?) (2012) III Studies of Conference of Doctoral Students, Eotvos Lorand University of Sciences, Faculty of Law, pp 135-152.

*'Recent Changes and Challenges Regarding Employees' Participation Rights in Japan'* (Változások a munkavállalói részvétel intézményében Japánban) (2011) Jogi Tanulmányok, ELTE, Faculty of Law and Political Sciences (Budapest, 2011, ELTE) pp 79-91.

## B Conference Speeches

Employee Involvement as a Tool for Social Justice – London School of Economics, London, UK, 2014 August

Munkavállalói részvétel, mint a szociális igazságosság elősegítésének egy eszköze (*Employee Involvement as a Tool to Promote Social Justice*) – ELTE Doctoral Conference, Budapest, Hungary, 2014 June

Social Dialogue in Hungary – Anglia Ruskin University, Cambridge, UK, 2014 April

The Dual Nature of Employee Involvement - Marco Biagi Foundation, Young Scholar Workshop, Modena, Italy, 2014 March

The problem of Extraterritoriality in Labour Relations – Employee Involvement in and Beyond the European Union - Legal Research Network Summer School and Workshop; University of Lille, France, 2013 September

Workplace Democracy in Hungary between 1945 and 1949 - Annual Meeting of the Institute of Political Scientist, Cluj, Romania, 2013 May

Workplace Democracy Revisited – Employee Participation in Japan - Marco Biagi Foundation, Young Scholar Workshop, Modena, Italy, 2013 March