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Country report Austria

Kristína Gotthardová & Marta Kahancová

1.1 Introduction

This report examines the processes of building and maintaining trust, as well as the sources of trust and distrust between social partners across different levels in Austria. It explores the role of trust in industrial relations, focusing on how social partners perceive its impact on social dialogue and collective bargaining. We analyse various dimensions of trust, key obstacles to its development, and the broader implications for industrial relations. The findings are based on interviews with stakeholders and experts at national, sectoral, and company levels in three sectors. The report is part of the TRUE EUROPE research project, which investigates the determinants and outcomes of trust in social partner relations. Interviews were conducted in eight countries, focusing on the metal, transport, and banking and finance sectors. We explored trust levels across different social dialogue topics—from core issues like wages to less contentious areas such as digitalisation, skills and training, and health and safety.

This report is based on desk research and 15 interviews with representatives of social partners and experts from the Chamber of Labour from three sectors - finance and banking, the metal industry, and transport. Desk research is based on available information, data, and reports on industrial relations and collective bargaining in Austria across the above-mentioned sectors. Additional data have been collected from available grey literature, e.g., reports, media articles, and collective agreements, all of which are available online.

Table 7.1. Interviewees: levels, sectors, and interview codes

Level	Banking & finance	Metal	Transport	Cross-sectional	Total
Local Level					
Employee rep.	1 (# 1 AT)				1
Employer rep.					
Sectoral Level					
TU official	2	2	4		8
EO official			1		1
National level					
TU official					
EO official		1		1	2
Other (Gov./Civ.)		1	2		3
TOTAL	3	4	7	1	15

Five interviews were conducted in person, and ten interviews were conducted online. All interviews were recorded and transcribed. The selection of interview respondents aimed at providing a balanced overview of relationships (a) horizontally between trade unions and employers' representatives, and (b) vertically between representatives of social partners at the peak level, at the sector level and in companies. Besides social partners, the Chamber of Labour (*Arbeiterkammer Österreich, AK*) is a relevant organization overseeing the activities of social partners and providing support to individual workers. Worker membership in the AK is automatic with an employment contract in Austria. We have

therefore also interviewed AK respondents to gain a general perspective on the dynamics of social dialogue and trust therein; and where possible, we have also gathered sector-specific insights from a third, yet crucial, party that AK represents in social dialogue.

1.2 Industrial relations at national and sectoral level

Industrial relations in Austria are highly organized and structured, resembling the regime of *organised corporatism*. The Austrian system features several unique attributes, such as the obligatory membership of employers in the major employer organisation WKÖ (*Wirtschaftskammer Österreich, WKÖ*), and the important role of the Chamber of Labour (*Arbeiterkammer Österreich, AK*) besides trade unions, and the fact that social dialogue and collective bargaining are occurring in form of sectoral bipartism between autonomous social partners while the role of the state is marginal. This structure and the membership of employers in the WKÖ secures an almost universal bargaining coverage without the real need of activating legal possibilities to extend bargaining coverage.

The tradition of social partnership is traced back to the period after the Second World War when the industrial relations system of social partners was set up to ensure that the interests of all groups were represented (Glassner and Hofmann, 2023, 95). The system is considered mutually beneficial to both representatives of labour and employers, and there is a strong motivation by both partners to negotiate collective agreements. Therefore, the social partnership system in Austria can be described as a *form of integrative bargaining* and there is a strong tendency to seek compromises toward a mutual agreement. Since most groups have their interests represented by social partners, the Austrian model of social partnership is an example of a *corporatist model* of industrial relations. This model was especially successful in the decades after WWII, since the 1980s, this system changed and became even more pronounced after the year 2000. This shift is characterized by privatization, internationalization, rising inequalities, and unemployment, which keep weakening the membership of employee organizations and their powers in social dialogue. These developments have been accompanied by political changes with a number of right-leaning and far-right governmental coalitions, which revealed the weaknesses and challenges of the social partnership system, especially for trade unions (Glassner and Hofmann, 2023).

The right to collective bargaining and negotiating collective agreements is anchored in the Labour Constitution Act of 1974, that regulates that CAs can be negotiated by legal representatives of employers and employees and voluntary organisations of employees and employers if they fulfil certain conditions (Glassner and Hoffman, 2019). The system of collective bargaining is also bipartite and occurs at the sector level. CAs are concluded separately for different occupational groups of employees, resulting in differences in wages and other working conditions, leading to a dualistic employment regime. There is no statutory minimum wage; and minimum wages are set in sector collective agreements. Therefore, the extent of minimum protection greatly varies across sectors and occupational groups.

There are four acknowledged partners in Austria with a relevant role in social dialogue - the Chamber of Economy (WKÖ), the federal trade union (Österreichischer Gewerkschaftsbund, ÖGB), the Chamber of Labour (AK) and the Chamber of Agriculture (Landwirtschaftskammer, LK). Collective bargaining is usually conducted by dedicated sectoral committees within the WKÖ on the employers' side, and the sector-specific member of ÖGB on the trade union side. The state does not directly interfere into collective bargaining. Within ÖGB, there are seven affiliated industry-specific trade unions and within WKÖ, there are seven main sections: industry; banking and insurance; transport and communications; commerce; crafts and trades; tourism and leisure; and information and consulting.

The Chamber of Labour (AK) has a double role, it is a statutory organization that represents employees and their interests in matters of labour law, social benefits as well as consumer protection. It offers legal counselling on labour law and social benefits and can represent clients in court cases. At the same time, the AK is an expert organization providing background information, data, and statistics about the economy and different industries also in preparation for collective bargaining and negotiations in support of trade unions. The relationship between the AK and trade unions is considered cooperative and by relying on information and data provided by the AK, objectivity and impartiality of the information for negotiations is upheld (Glassner and Hofmann, 2023).

Due to the compulsory membership of companies in the national employer organisation, the Chamber of the Economy, bargaining coverage reaches 98% to 100% of employees across all the sectors. At the same time, trade union density remains comparatively low, around 26% (OECD/AIAS, 2021). Union density has been steadily declining, compared to 37% net density in 2000 and 52% in 1980 (Glassner and Hofmann, 2023).

In sum, social dialogue and collective bargaining in Austria are structured and follow a coordinated order and *pattern of bargaining*, starting with the metal industry in October. Collective agreements are negotiated on an annual basis, with certain exceptions in recent years when some collective agreements were negotiated for two years, because of growing economic uncertainties. The metal industry sets the pattern for the rest of the industries, and therefore, there is considerable pressure to negotiate an agreement that can serve as a benchmark for other sectors. Other industries then follow the metal sectors' agreement and can adjust the stipulations to their own sectors.

Industrial relations in banking & finance, metal, and transport

In the *banking and finance* sector in Austria, bargaining is conducted by the main trade union in this sector - the GPA (Gewerkschaft der Privatangestellten). GPA negotiates separately with five employer associations representing the five primary employer types of banking and financial institutions: commercial banks, savings banks, mortgage banks, Raiffeisen Cooperative banks, and Schulze-Delitzsch Cooperative banks. Even though there are five separate collective agreements in the sector, the negotiations are coordinated. The fact that they are all concluded with GPA on the trade union side results in coordinated

outcomes and consistency for all employees covered by these agreements in the banking and finance subsectors. Certain clauses are unique to collective agreements in the banking and finance sector, which is characterized by commitment to job security. Such clauses include occupational pension schemes and benefits related to employment tenure (Traxler, 2001).

The *metal sector* in Austria plays an important role – historically it has been one of the strongest sectors, with a very high trade union density, which resulted in its continued leading position in negotiations. There are two trade unions, which engage in collective bargaining – Pro-Ge (*Produktionsgewerkschaft*), representing blue-collar production workers in multiple industries and GPA (*Gewerkschaft der Privatangestellten*), which stands for the Union of Salaried Private Sector Employees and represents white-collar employees. The two trade unions closely cooperate and have a unified set of demands to ensure that all sector employees are covered and the negotiation outcomes are consistent. The bargaining partner on the employer side is the WKÖ, with six employers' associations in the metal industry. These resemble six subsectors of the metal sector, each negotiating its own collective agreement, which maintains a coordinated approach in their bargaining rounds and the general relationship to trade unions. As a result, the bargaining outcomes often result in similar conditions and pay raises for all employees within the larger metal sector. Collective agreements in these 6 subsectors cover around 200,000 workers.

The *transport industry* in Austria is characterized by a few large companies dominating around 90% of the market, and many small companies accounting for less than 10% of the market. Public transport companies are predominant, and urban transport in larger cities is provided by municipal companies. Transport employers are represented by the industry association for bus companies belonging to WKÖ, the Postbus and municipal companies. Industrial relations and collective bargaining in the transport industry have recently faced challenges related to unequal wages and working conditions for different groups of workers, marked by several warning strikes. Union density is around 80% for municipal company employees and around 40% for private enterprise employees (Fidrmuc and Kahancová, 2024, 15). Collective bargaining is conducted primarily by the trade union *vida: transport and service union*. Other unions, namely the Union of Postal and Telecommunications Workers (GPF) or the Municipal Workers' Union (younion) also engage in collective bargaining in the transport sector.

1.3 National and sectoral level interactions and trust

At the national level, the interviews reveal that trust in social dialogue is perceived as a tool leading to stability and (economic and social) security. Trust in social dialogue helped Austria to overcome all major crises. The fact that social partners trust their established system of dialogue and bargaining helped ensure that people have sufficient income even during times of crises or adverse economic situations. Trust in social dialogue and its effectiveness ensures social security and related benefits, beyond what is legislated. Trust of general society and employees in the system of social partnership is also closely related to solidarity and uniting people's interests vis-à-vis the interests of the employers. At the

same time, slight sectoral differences in the perceived role of trust in social dialogue emerge. These are related to sectoral specificities or to the topics addressed, as explained below.

Characterizing national and/or sectoral level interactions

Due to the stable social partnership model and annual collective bargaining, social partners meet regularly and on various occasions. Most important are the collective bargaining negotiations, which happen annually or biannually and usually consist of multiple rounds. As there is a strong expectation and motivation for negotiations to be successful and beneficial for both parties involved, the relationship is in general considered cooperative and characterized by trust, and with a mutual desire to negotiate a collective agreement. Respondents stressed that negotiations are about finding a compromise. During negotiations, it is normal to expect that each side brings its own interests. At the same time, the parties know that everyone is willing to adjust their expectations to satisfy all involved parties. An employers' representative said:

... if I absolutely want to push through 110% of my own demands, then ultimately, I won't achieve a compromise. And then ultimately the pressure from your own members to adapt your own behaviour will also increase. And success will only be possible if you are prepared to make certain compromises. (# 12 AT)

It is clear that mutual respect between negotiating parties is critical to success as well as respect towards the tradition of social partnership as a whole. The respondents recognize their own responsibility to enter social dialogue and seek the development of trust vis-à-vis their negotiating partner. This is a responsibility towards members, the government, and society as a whole. One respondent described it as follows:

My duty is professionalism. I have to be prepared for that. I have to find arguments. [...] they have their interest. We have our interest. But our duty is to find a solution and a result that both can accept in the end. [...] You are sitting here because we have a contract. We have a social partnership, and this is your duty. And I'm sitting here because I have a contract. We have a duty to the government and, in the end, also to the economic system in this country, to ensure that the people can at least hold their standard of living. (# 7 AT)

While the social partnership in general is described as functioning and cooperative, this varies between sectors and focus areas. A constructive dialogue is crucial to discuss and solve various challenges at the sector level. Respondents from different sectors mentioned difficulties with including any new areas or clauses in collective agreements; namely, a single topic can be subject to discussion before it is finally included in the collective agreement. Wage negotiations are also considered to be difficult among all sectors, especially in the context of rising inflation and with the intention to increase the wages by more than the inflation. However, even this understanding is disputed by some social partners, mainly in the unions. Wage negotiations are supported with data and industry reports from the Chamber of Labour, where the inflation rate and all the information is

based on the previous year, which shows why the social partnership is understood to ensure social and economic stability.

In the **transport sector**, the cooperative relationship was considered to be under strain. The sector recently experienced several warning strikes. In 2025, negotiations in the private bus transportation sector were closed after five rounds. One respondent described the relations with the counterpart as very conflictual (# 6 AT). Both workplace health and safety and skills and training are areas where unions and employer representatives do not easily find a compromise. The sector is characterized by staff shortages and a lack of young people interested. Therefore, there were efforts to lower the ages for driver's licenses or to shorten the training period to increase the number of drivers and railway conductors. Still, this step is seen as a safety risk by trade union representatives. There are also concerns related to working conditions in the sector, such as a lack of toilets for drivers, high temperatures in summer, or the proportion and distribution of free time for long-distance drivers and railway staff, which have been subject to social dialogue for years and remain without an agreement among social partners.

The **finance sector** reveals mutual recognition of the benefits of increased salaries, as illustrated by the following quote:

But the bank representatives in particular are very familiar with the economic effects of salary increases and they themselves repeatedly write enough analyses on the subject, including how important it is to maintain private consumption and what influence this has on overall economic development. And that saves a lot of discussion and always brings us very quickly to the core of the negotiations. (# 2 AT)

Topics of digitalization and new technologies are not included in official negotiations in the finance sector but still explored in some common for a (e.g. a forum called Industry 4.0). In general, the perception is that the challenge will impact the whole economy and society and that a common strategy and cooperation, and guidance and regulation by the European Union are necessary. Deployment of new technologies and automation processes is closely related to training and re-skilling and up-skilling as a strategy to ensure both a qualified workforce and job stability and security for workers. One respondent commented that there is a consensus among social partners about the importance of training, but that the preferred approaches vary, with employer organizations preferring to secure public funding for training to be provided for the unemployed, whereas trade unions attempt to include opportunities and rights for training for employees during work hours.

Trade union and employer association representatives meet during preparations and actual collective bargaining, but in different working groups, platforms or bodies with or without governmental representatives. One respondent mentioned that the top negotiators can meet each other as often as every week. There are several areas considered to be major challenges for the future, where cooperation of social partners will be necessary, such as the deployment of artificial intelligence, digitalization, and automation. In preparation, independent and separate platforms are organized for social partners, experts, and governmental representatives to discuss them informally.

In the **metal sector**, it is common for all relevant representatives, including union representatives, works council representatives, employer association representatives, company representatives, and possible experts, lawyers or Chamber of Labour representatives to informally discuss various topics before formal bargaining rounds. These topics might be included in future collective agreement negotiations and having them already discussed informally increases mutual trust in negotiations and their effective conclusion. This is especially the case in topics like digitalisation, training or health and safety, thus non-wage topics. The following quote illustrates this attitude:

Because you get together away from these areas of conflict in collective labour agreement negotiations, quite consciously and say okay, we've got time now, let's talk about it for two years. With an open mind, maybe something will come of it, then we can take that and try to deal with it at the next collective bargaining negotiations. Or nothing will come of it. Then we will have thought about it and then texts will be developed. (# 4 AT)

Finally, in all studied sectors, the discussion and regulation of new technological developments, especially related to digitalization is highly relevant. Both employers' representatives and trade unions mentioned taking a reserved stance when it comes to the **regulation of AI or deployment of new technologies** in general and waiting for EU-level regulation. This is demonstrated by one example where there were efforts to create a joint strategy on digitalization by trade unions and the WKÖ, but due to a lack of consensus between individual trade associations and the willingness to respect European-level recommendations, the initiative failed (# 11 AT). The tendency to improve the cooperation and dialogue between social partners at the international level has also been expressed in connection with larger challenges, which will be increasingly difficult to address on a national level.

However, the respondents described a **deterioration** in the established relationship of social partners, which also affects the long-established trust. Examples in the interviews included shifting political power and alliances for various reasons. The first reason is that the economy is increasingly under pressure. Some employer associations' representatives perceive that social partnership is under strain and employers are under too much pressure in the context of a currently unfavourable economic situation. This also influences the trust in relationships between unions and employers, as illustrated by the following quote.

And of course the union always wants very high agreements. That is a fundamental problem [. . .] Yes, but in the last two years we have come under so much pressure that some companies might say that the system is no longer as good as it was. But that can change again if our competitiveness improves. (# 11 AT)

The second reason for more tensions in the social dialogue relates to **changes in the political environment and political access of social partners to incumbent governments**. One trade union respondent said that this means that employer representatives have direct ties with the government and are therefore able to achieve favourable conditions through legislative proposals or through seeking influence via communication channels outside of the social partnership, trust in the functioning bipartite social dialogue will decrease.

Despite the sentiment that the social partnership at times is losing its purpose, there is a strong belief in this system, especially in times of crises when cooperation is seen by both unions and employers' organisations as necessary to ensure stability for the economy. One such occasion was the Covid-19 crisis, which, according to one respondent, improved the relationship greatly as the social partners cooperated to establish the *Kurzarbeit* system to safeguard workplaces. One respondent used the term **convenience logic** to describe their perception of the current state of social partnership and expressed a need for social partnership to always be there as a solid pillar even beyond this convenience logic. This requires mutual commitment not only to bipartite social dialogue, but also to interactions beyond social dialogue. The respondent referred to the legislative process that even therein, the social partners need to demonstrate a willingness to compromise and be flexible about their own exclusive concerns but rather need to work towards a more general societal goal.

Anchoring trust in institutions and trusting lower level actors

Generally, there is a high level of trust in the industrial relations system. It is a functioning social partnership across various levels, vertically and horizontally. The legislative anchoring and its features described above is key for the long-term functioning of the social partnership. This refers to institutional trust, where both parties are committed to the system, recognize its benefits and their responsibility in carrying their roles within the system. Their mutual encounters are strongly affected by this recognition of **institutionalized trust**.

Institutions relevant to the functioning of social partnership, the justice system and labour courts, are seen as objective and trustworthy with accepted authority to resolve conflicts related to the interpretation and implementation of collective agreements. Diverging interpretations and understanding of certain clauses or provisions of collective agreements by trade unions, works' councils or by employer representatives and employers were described as common examples of conflictual situations within the social partnership. Such disagreements related to varying interpretations are not seen as personal or as significant breaches of trust, but rather as a common part of the negotiation processes and social partnership. The justice system, and specifically courts, are trusted to resolve these inconsistencies or varying interpretations impartially and provide a ruling that will be accepted. This in turn demonstrates high levels of institutional trust, as shown in the following quote below.

Yes, it's quite possible to have different opinions. This happened in Austria a few years ago. It was about the child allowance and whether or not it can now all be allocated to part-time employees. We had different opinions on that. Yes, in the end the Supreme Court had to clarify how this regulation should actually be interpreted. Yes, and then that's just how it was done, [...] no one was angry with anyone else. (# 12 AT)

Another source of institutional trust is the understanding of social partnership and some of its related processes as regulated, transparent, and democratic, which leads to the

strengthening of institutional trust. In other words, the commitment of social partners to institutional trust generates more institutional trust.

Still, despite a well-entrenched institutional trust, social dialogue is increasingly described as **fragile and dependent on the political environment**. Respondents mentioned increasing attempts to regulate key issues and areas in legislation rather than by collective bargaining (e.g., in the metal and transport sectors) or even attempts to curtail the right to engage in collective bargaining in general.

The vertical articulation of trust and the spreading of institutional trust to lower-level actors is also demonstrated in Austria. The value and importance of democratic principles apply to preparatory negotiations of trade unions and works councils' representatives to unify their demands, as illustrated by a representative of a works council:

[It is] a democratic way. ... If I would like to have 10% more and the group of people say no, our proposal is 9.5 then it's a democratic way. We [raise] the hands and if there is more people for 9.5 than for 10, then it is 9.5. (# 1 AT)

Effects of trust according to national and/or sectoral level actors

The interviews highlighted two key effects of trust: **procedural**, and **practical and material**. Procedurally, trust enhances the quality of dialogue and cooperation among social partners, making interactions more predictable, constructive, and likely to result in mutually feasible outcomes. Trust was described as beneficial directly during encounters of social partners, and in between negotiations and actual bargaining rounds. Some respondents reported they are in touch almost daily, knowing each other well, knowing their preferences, and pre-discussing them also outside of formalized bargaining rounds. During actual bargaining rounds, trust also plays a role: it fosters transparency and reliance on the fact that parties already know what the preference of the other party is. In other words, there is openness and a constructive atmosphere when demands are formulated and communicated.

The respondents also highlighted the benefits of bipartism when social partners can interact directly, have a long-term relationship, and know each other informally. Compared to statutory regulation, this model is seen as more flexible and responsive, allowing for timely adaptation to changing circumstances—something that rigid legal frameworks often struggle to achieve (e.g., in Central and Eastern European countries).

The effects of trust can be furthermore distinguished at multiple levels. Considering personal trust between the parties engaging in social dialogue, the presence of personal trust leads to increased effectiveness of negotiations and thus feasible results, which is considered to be a **practical** and a **material effect**. Moreover, personal trust shapes their ability to quickly and jointly address large-scale issues affecting the whole economy. Sometimes, this leads to the implementation of unique solutions, such as the establishment of *Kurzarbeit* (short-time work schemes) during the Covid-19 pandemic. Within the logic that social partnership is seen by the interacting partners as cooperation towards a common goal, trust is seen as a requirement for the fulfilment of this goal.

Dimensions and bases of trust at national/sectoral levels

In Austria, the **basis for institutional trust** stems from the historical tradition and processes related to its functioning. The uniqueness and achievements of the social partnership system in a global context was marked by the respondents, representing both trade unions and employer associations, making it clear that they take pride in being a part of it, despite the currently increasing tensions in social dialogue.

The Austrian social partnership system is thus characterized by high degrees of **systemic and procedural trust**, but good personal relations are still considered of utmost importance. They are closely related to the development and maintenance of trust over time, even seen as the prerequisite to it. Most officials who negotiate collective agreements do so for a longer time and only leave to retire, meaning that employer associations and trade union representatives know each other for years. There are anecdotal examples of challenging personalities, where cooperation is considered difficult due to someone's character, but this is still not seen as something to stand in the way of breaking the institutional trust, or reaching an agreement, but rather as a temporary obstacle, which attests to the high degrees of procedural trust.

Most respondents feel that **personal trust** and a relaxed, yet professional relationship is the most important. Honesty, trustworthiness, and integrity are the key characteristics that enable the building and maintenance of trust. As one respondent stated: "for me personally, trust means that once things have been discussed, they are implemented accordingly and adhered to" (# 5 AT). There is even the concept of the quality of the handshake (*Handsschlag Qualitat*), which is used to describe a person's trustworthiness.

The professionalism of the relationships within social dialogue, both at the cross-sectoral and the sector level, is apparent also from the discussion of actual or potential breaches of trust. Some respondents referred to rare occasions when trust was breached, which emerged in relation to communication or not respecting the deal/agreement made during negotiations. Collective bargaining and negotiations are seen confidential and revealing information to media without prior discussion and agreement is seen as highly problematic and negatively affecting trust in the social partners' relations. This was described as the only incidence of such breach of trust, which also resulted in a rare strike activity. Another example of behaviour, which disrupted a trustful relationship was not respecting the agreement reached during negotiations and trying to make changes after the discussion was completed and an agreement was made. Yet, such missteps are rare in Austria and seen as part of the otherwise trustful social dialogue. The respondents claimed that these few cases of breaching trust do not seem to impact the willingness to negotiate and commit to a trustful social dialogue.

Good professional relations are thus considered key, but trustworthiness is determined by keeping one's word and demonstrating it in actions. There is a strong distinction between the demonstrative display of a functioning relationship in the form of reaching an agreement and an actual working partnership. Using the words of a trade union respondent, "the only thing that is trustworthy is that when we have agreed something, it works" (# 5 AT).

1.4 Local level interactions and trust

Beyond sectoral social dialogue and collective bargaining, Austria also has a tradition of works councils (*Betriebsräte*) and elected representatives also participate as members on company supervisory boards. Even though the majority of collective agreements are negotiated on sectoral level, additional specific agreements might be concluded at the company level between the management and works' council. Usually such company-level agreements focus on benefits related to wages or pensions and can only stipulate more favourable conditions for the employees compared to the higher-level collective agreement (Keune, 2010).

The local level of interactions in social dialogue is an integral part of the hierarchical yet transparent social partnership system in Austria. Works councils play a crucial role in these local-level interactions. While many characteristics, e.g., the anchoring in institutionalized trust, investment in relational trust, and the role of individual personalities for maintaining relationships, are similar to the higher-level interactions, there is one crucial feature that differs at the local level. This is a larger exposure to fluctuations, mainly on the side of the employer, due to company restructurings. This also affects trust in the local-level social dialogue between the companies and their s when, in conditions of institutionalized trust, person-based trust has to be rebuilt more frequently than at the sectoral level.

Characterizing local level interactions

A distinct feature that shapes the local level interactions is the dual structure of workers' representation, comprising trade unions at the higher levels and works councils (*Betriebsräte*) at the workplace level. These can be formed in all workplaces with at least five employees. Works councils, which were formed after 2017, have representatives elected for five-year terms. They represent employees at the workplace level and possess distinct rights and competencies – they are informed about certain decisions of the company, and are consulted about education, vocational training, and re-skilling and up-skilling within the company. Co-determination by works councils is required for a number of measures affecting the workplace, e.g., the implementation of questionnaires and surveys among employees, introduction of payment systems based on performance and statistical data collection, deployment of monitoring and surveillance systems that affect human dignity or automatic collection of personal data.¹

Most importantly, works councils negotiate company agreements with company management on behalf of the employees. Such agreements can cover issues beyond the scope of collective agreements negotiated at the sector level. Agreements with works councils cover, e.g., additional wage increases or benefits specific only to the particular company and workplace. Works councils cooperate closely with both trade unions and the Chamber of Labour. There is a common training program, *Bildungsakademie*, provided for works council representatives in cooperation of the Chamber of Labour and trade unions.

¹ <https://www.worker-participation.eu/national-industrial-relations/countries/austria>

All employees are at the same time members of the Chamber of Labour, which also has elected employee representatives within its structures.

Works council representatives may or may not be members of trade unions and several trade unions might be present at one workplace. Based on trade union's estimation, around 90% of works councils are trade union members. Trade unions have more resources and so they assist in the initial creation of the works council and later can be actively engaged in providing legal, economic and other advice, be consulted in preparation of workplace negotiations and offers different trainings. At the same time, members of trade unions actively engage with works councils in preparation of campaigns and other activities

The element of personal trust and good personal relationship is thus important also between different employee representatives. Respondents also mentioned that building and maintaining trust and cooperation between trade unions and works councils could be complicated due to loyalties that work council members may have to their employer, which can result in breaches of trust between the works council and a higher-level trade union organisation. Although such situations are rare, one respondent revealed an example when a works council representative disclosed confidential information internal to the trade union to the company management. In such situations, the issue at stake is whether the trust at the local level (works council vis-à-vis the company management) is greater than trust within the sector (works council vis-à-vis the sectoral trade union).

Another relevant aspect for establishing and maintaining trust and relationships on a local level, is that there is more fluctuation both in management and the works council. Such fluctuation can be caused, e.g. by global restructuring of the company. The company level relationships and agreements can thus be seen as more fragile, less stable and more dependent on specific conditions or situation compared to the industry level.

Anchoring trust in higher level institutions

Trust in the social partnership as a system and its processes varies on local levels based on various factors. There was a sentiment by trade union and works council representatives that the perceived importance, but especially the willingness to participate and engage in the structures of employee representation, be it trade unions or works councils, is decreasing in the context of generational change. A respondent from the finance sector remarked that many employees do not understand the purpose of electing representatives and tend to think that institutionalised and formalised representation is superfluous and that employment conditions can be negotiated on an individual level. Similarly, election for the works council is conditioned by the length of employment, and due to the high fluctuation of employees, it is much harder to interest employees in running for elections.

Respondents from trade unions described a generally good and cooperative relationship with works councils, but there are cases when a works council is hesitant to cooperate with the trade union more closely due to a lack of trust. One respondent described that there

are efforts and procedures to maintain contact and a trustworthy relationship with the management, even if there are currently no active bargaining rounds going on:

[...] I did this myself for over ten years. It's [a] very basic relationship [to the] management. Travelling there, having a coffee, asking how things are going. And then at some point the time comes when they might need something that I can help them with. And then it works again. And if it doesn't, then I'm there. Maybe for over two years and just spend a bit of time and can't contribute anything because [there is still some] mistrust. (# 9 AT)

Trade union representatives also underscore that lack of financial compensation for engaging in trade union activities and even collective bargaining is one of the main reasons that the interest of younger generations is declining. Lack of interest in becoming trade union members or works council representatives is connected to a general lack of awareness about the role of social partnership, as indicated by a trade union representative:

I simply believe that this political education, with all the benefits of the social partnership of the trade unions, does not happen enough in primary schools. I believe that this political education needs to be expanded again so that we can explain to young people what it is good for. (# 9 AT)

Accordingly, employees see the purpose and value of the social partnership only in the context of crises and economic hardships; the worse off people are, the more likely they are to realize that there are representative bodies that can help to protect their working conditions.

Trust is also part of the often invisible relationship between the workers and the Workers' Chamber. As one respondent revealed, workers often lack information on the Chamber's role and do not understand the Chamber representatives' tasks or why workers should participate in their elections rather than solve their own problems individually. This increased individualism among the workers can also potentially negatively affect the established trust across various levels and channels of social dialogue in the Austrian system.

Effects of trust according to local level actors

Trust between trade unions and works councils, as well as between the works councils and the company management, is crucial, above all, when negotiations and collective bargaining are conflictual. Respondents recalled the vulnerable situation of works council members at workplaces, who, of course, have legal protection from termination of employment or victimisation but still might come under pressure from the employer. To mitigate such vulnerability, strong personalities with the courage to face conflicts are needed in the works council. According to the trade union representative in transport, luckily, Austria has enough of such personalities, and that is why the works councils also work relatively well.

Character and trust thus yield **procedural effects** on how workplace activities are implemented and if they are successful. When trade unions prepare to engage in a campaign or a warning strike, the current workplace conditions and the number and strength of works council representatives are considered, and these decisions are strategically made both to ensure the success of the actions and to potentially protect workers and works council representatives from negative repercussions.

One of the focus areas, which plays a crucial role in company-level and sector-level negotiations, is the deployment of new technologies using automation or AI technologies, especially where it intersects with job security, human rights, or workers' dignity. A considerable level of distrust is already apparent from the inclusion of these areas in specific regulations, which include works councils in decision making over their implementation. In the financial sector for example, there are very general concerns about safety and security in the future, relating to automatization of loans or credit and having access to a financial advisor. Practically, this translates to negotiations over changing job descriptions and skills needed, as revealed by the trade union representative in finance. In the metal and transport sectors, because most works council representatives are at the same time trade union members, the degree of coordination between the works council and the trade union is high. In turn, all relevant topics, including digitalisation and health and safety, are pre-discussed with the sectoral union. This vertical coordination also delivers a **material effect**, as the agreements concluded at the workplace level also reflect the interests of workers.

Dimensions and bases of trust at local level

The analysis reveals that the bases of trust at the local level are threefold: **institutional**, **relational** and **personal**. Similarly to the building and maintaining of trust at the sectoral and national levels, notions of democracy and willingness to compromise are key factors in shaping the interactions within social dialogue at the local levels as well.

Regarding **institutional trust**, works councils as the employees' representatives at the workplace are a stable part of the Austrian social partnership system. Works councils possess distinct roles within this system, which are institutionally anchored. Within their defined roles, works council representatives are committed to serve workers' interests.

Relational trust refers to trust based on the frequency and the kind of efficient relationships that emerge between social partner representatives at the local level. Since many individuals continue serving their role within the social dialogue system for years, relational trust, in addition to institutional trust, is also high in Austria. Nevertheless, a slight discrepancy emerges between local and sectoral level bases of trust when referring to relational trust. Due to a higher fluctuation of company representatives, e.g. due to reorganisations, relational trust at the local level is more vulnerable to disruptions than trust at the sector level.

Finally, **personal trust** is related to the characteristics of the individuals and their mutual interactions. The stability of who represents unions and to a large extent also works councils increases personal trust. Trade unions also actively build personal trust between unions and works councils, e.g. by regular coordination of sectoral union interests and that these 'flow down' to the local level to works council representatives. Works councils also develop a relationship to the Workers' chamber where personal trust plays an important role.

Personal trust is also relevant for harmonizing the varying local interests across companies within the sector. For larger (sectoral) bargaining rounds, works councils are asked to pre-discuss their strategies and opinions to ensure an efficient sectoral bargaining and a mutual agreement between unions and the WKÖ. Such a unification of demands across various works councils can mean that some have to compromise on their requests, yet these compromises occur in favour of a larger, sectoral gain.

1.5 Conclusions

Austria is well known for its institutionalized model of social partnership (*Sozialpartnerschaft*), which has, according to interviews conducted within this study with social partners, historically contributed to economic and social stability. The system is characterized by structured and highly coordinated sectoral collective bargaining, underpinned by almost universal bargaining coverage due employer membership in the Austrian Economic Chamber (*Wirtschaftskammer Österreich, WKÖ*).

The study identifies three interrelated forms of trust—institutional, relational, and personal—as central to the functioning of Austria's social dialogue at various levels. Institutional trust is embedded in the historical and legal foundations of this corporatist regime, where social dialogue is seen as a legitimate and effective mechanism for managing working conditions and economic crises. Relational trust develops through repeated interactions among actors who often remain in their roles for extended periods, while personal trust is built on the professionalism, responsibility, integrity, and reliability of individual representatives who engage in dialogue.

The study reveals that trust serves both procedural and material functions. Procedurally, trust enhances transparency, cooperation, and the predictability of bargaining outcomes within Austrian social dialogue. The material function of trust is contributing to tangible outcomes, such as a defined yet complex structure of wage agreements and crisis-response mechanisms. The Covid-19 pandemic exemplified the functional role of trust, with social partners cooperating swiftly to implement the *Kurzarbeit* (short-time work) scheme, thereby preserving employment and economic stability.

Beyond the national and workplace levels, the study also focused on trust in social dialogue in selected sectors (metal, finance, transport) and around several central non-wage related themes (digitalization, worker education and training, and health and safety at the workplace). Evidence shows some discrepancies in how these themes are handled across

the studied sectors. Even if some challenges emerge that can potentially cause disruptions in trust (e.g., the long-standing discussions on health and safety in the transport sector, also related to labour shortages, company restructuring in the metal sector, or digitalization in finance), trust in social dialogue is strongly anchored and not easily decreased. This stability is not only based on institutional trust, but also on personal trust, meaning that the same persons negotiate with each other for many years and know each other very well.

Despite the system's strengths, contemporary pressures — such as economic uncertainty, political shifts, and generational changes in the workforce — pose challenges to the sustainability of trust-based relations. Attempts to bypass traditional bipartite channels in favour of direct legislative influence could potentially undermine the integrity of the high-trust social partnership model. Additionally, declining participation in employee representation, especially at the local level, may erode the foundations of institutional and relational trust.

At the company level, works councils play a crucial role in representing workers' interests and maintaining trust-based dialogue with management and trade unions. However, local-level trust is more vulnerable to disruption due to higher rates of personnel turnover and structural changes within companies. Issues such as technological change and automation have become focal points of negotiation, requiring strong coordination and trust across levels of representation.

Overall, the Austrian case illustrates the resilience and adaptability of a long-embedded corporatist model, where trust acts as both a precondition and a product of effective social dialogue. The study underscores that maintaining this trust—across institutional, relational, and personal dimensions—is essential to sustaining Austria's system of in the face of ongoing socio-economic transformation.

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