



Developments in collective bargaining in Western Europe: origin, pressures, dynamics and changing agenda

Valeria Pulignano (Center for Sociological Research – CESO)
KU Leuven (Belgium)

The starting point

The “perfect” equilibrium in multilevel bargaining (Sisson, 2014)

- Universalization of standard terms and conditions for ‘market control’;
- Employers’ strenght vis-a-vis organised labour to avoid trade union “whipsawing”;
- Sector-level agreements as the vehicle to institutionalise industrial conflict.

Pressures for change

- Changes in Business portfolios:
 - 1970s: diversification and spreading of investment risks;
 - 1980s: concentration on 'core' activities;
 - 1990s-2000s: streamline around fewer lines of business and geographical reach across markets (MNCs);
- Implications for CB:
 - Mismatch between the constituencies of employers and the activities of large companies;
 - Inappropriateness of provisions of sectoral agreements;
 - Viability of existing sector structures under threat

EIRO (2009) “Multinational companies and collective bargaining” (Marginson and Meardi)

Table 3: UNCTAD and OECD data on employment in MNCs, by country (%)

Country	UNCTAD data (2005)		OECD data (2004)	
	Foreign-owned MNCs' share of employment	Home-based MNCs' share of employment	Foreign MNCs share of total employment	Foreign MNCs share of employment in manufacturing
AT	5.28	10.32		
CZ	12.82	0.55	26	37.2
DE	5.51	12.83		15.4%
DK				14.4
ES				15.6
FI	9.17*	14.67		16.1
FR	7.54*		13.6	26.2
HU	15.53*		24.6*	42.4*
IE	7.68			48.0
IT	2.32*	2.66*	6.2**	10.9**
LU	24.4	47.3		
NL			14.2	25.1
NO	3.35*			22.3
PL	4.76* ¹		19.5	28.1
PT	3.0* ¹	0.5*		8.9
SE	12.88 ¹	22.04	32.4	24.2
SI	6.81			
UK			14.5	26.6

Pressures for change

Intensifying competition

- Provisions of multilevel employer agreements are considered restrictive by employers;
- Company financial performance and aggressive investors in the market (i.e. private equity, hedge funds etc);
- Financialisation;
- Pressures on corporate performance;
- Changes in the wider governance framework of IR.

Pressures for change

Political challenges from above

- European Monetary Union (EMU):
 - Unleashed widespread restructuring and rationalization;
 - Privatisation;
 - German “Bundesbank’s” non accommodating monetary regime targeting low rate of inflation with corresponding borrowing rates;
 - “Social Pacts” and wage moderation process ;
 - transnational company-coordination and benchmarking but also “EFAs” and other structures of transnational employee representatives coordination (EWCs);

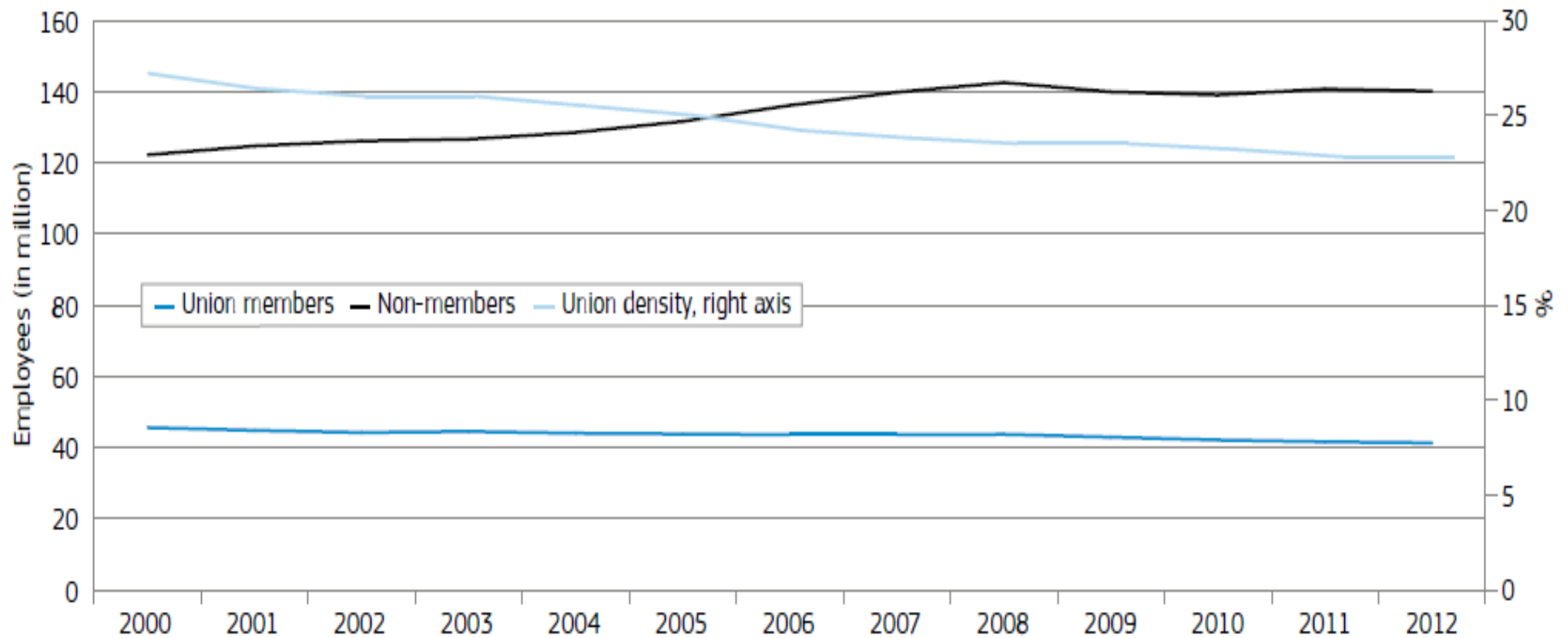
Pressures for change

Ideological considerations

- “New ideological hegemony of neo-liberalism” challenges the role of institutions (Shulden, 2002);
- “Rethoric” and “reality” of HRM: the proactive approach to employees as the most important asset to secure competitive advantage for companies.

Dynamics of change

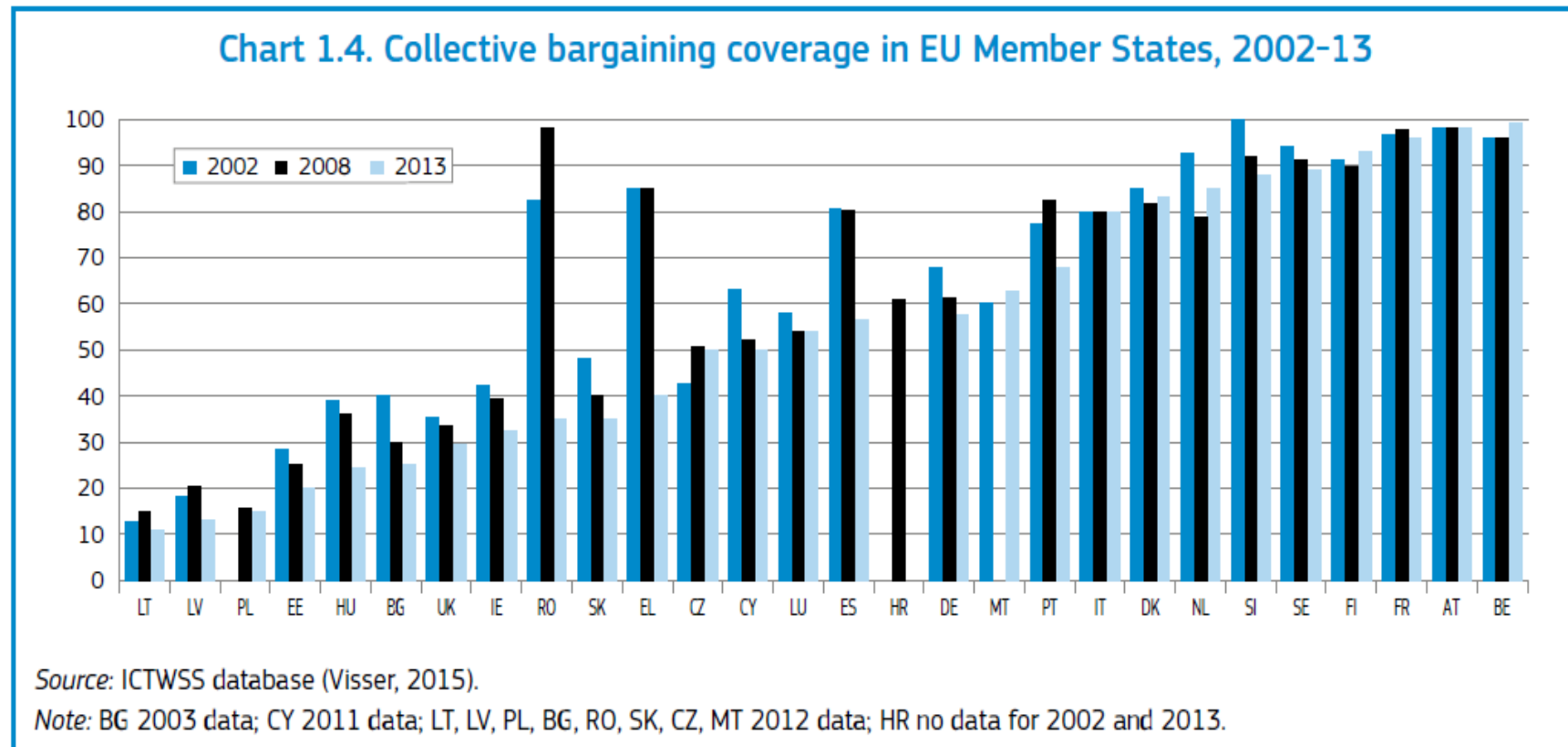
Chart 1.1. Union density, membership and non-membership in EU-28, 2000-12



Source: ICTWSS database (Visser, 2015).

Dynamics of change

- Considerable reduction in the coverage of collective bargaining;



A changing agenda:

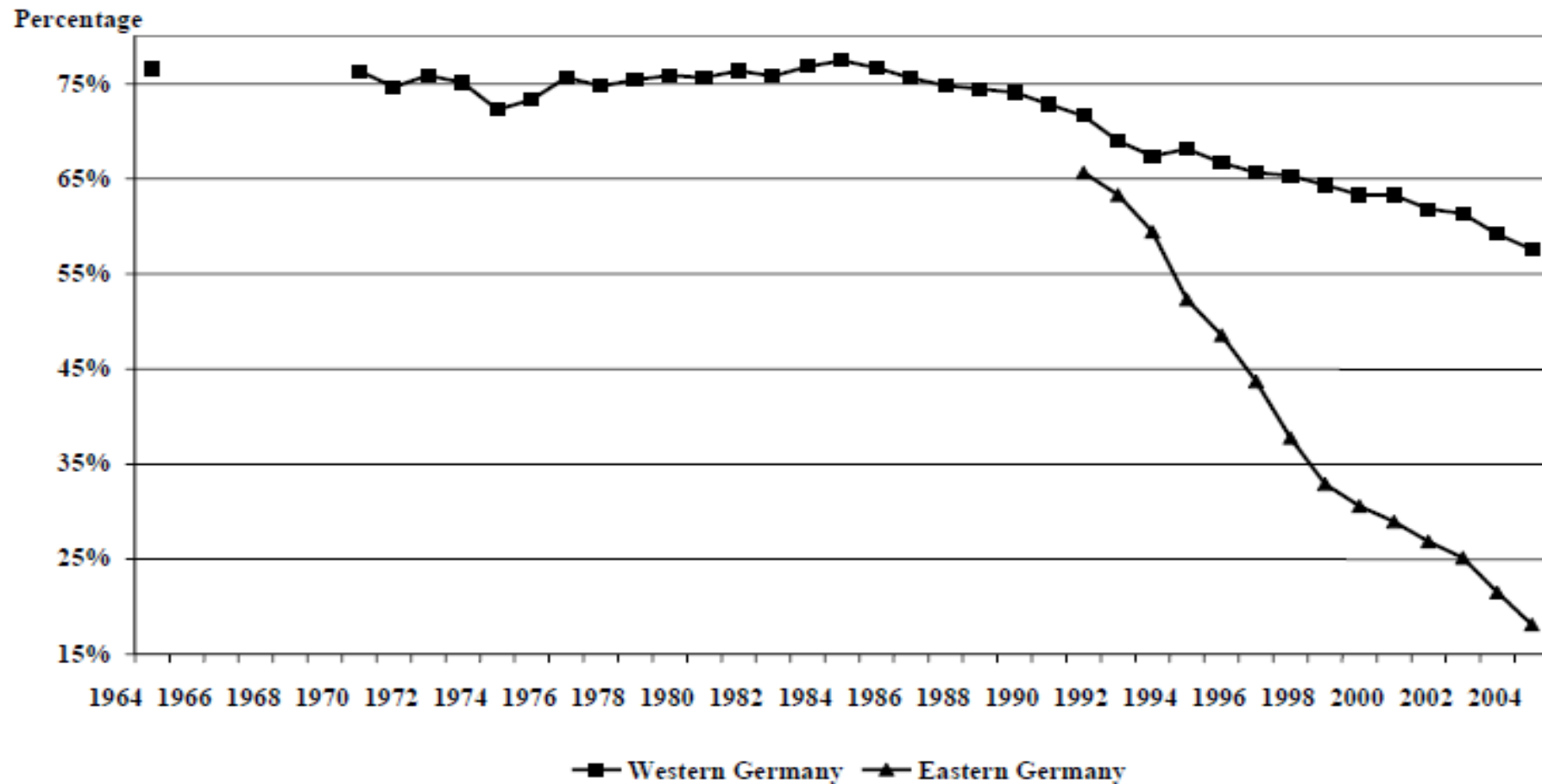
‘Scope’ and ‘Substance’ of the change

Towards a ‘competition-oriented’ bargaining:

- *Fraying at the edge*: multi-employer agreements are shrinking in their coverage of firms which reflects the steadily membership decline of employers’ association;
- *Decentralisation*: sector agreements take the form of ‘framework agreements’ ; ‘bottom-up’ dynamics allow higher level agreements to be periodically adjusted to take account of autonomous developments at company level;
- *Hollowing out*: sector-level agreements became ‘soft’ in their application (‘hardship’ and ‘opening causes’) – wages and working time arrangements are mostly affected;
- *Growing non-union bargaining*: Extending bargaining competences to non-union representative;

Schroeder and Silvia (2009)

Figure 1: German Metals Industry Employers' Association Density in terms of Employment (Source: Gesamtmetall)



Empirical evidence of changes

Towards increased decentralization and un-coordination across levels in bargaining (Marginson and Wetz, 2014)

- Introduced changes in both main level(s) of bargaining (e.g. 2011 cross-sector agreement weakens sector-level mandate over wage negotiations in favor of the company level in It. 2000 legislation in Fr requires companies with trade union representation to engage in annual pay negotiation. In Sp legislative changes prioritize company level wage setting)
- and in linkages between levels (2012 cross-sector agreement promoting devolution clauses in sector agreement in It, the 2010 short term working agreement in manufacturing in Se, 2012 Labor Code in Portugal, the 2009, 2010 one-off opening clauses in De and in 2012 in Austria.

Empirical evidence

Counter-tendency : towards increased centralization ? (Marginson and Wetz, 2014)

BE: Government-imposed outcomes to 2011 and 2013 cross-sector wage bargaining rounds, with no wage margin for further negotiation at sector level.

FI: Cross-sector wage agreements abandoned in 2007, but returned to in 2011 and 2013.

Empirical evidence

- EU 2011 legislation allowing negotiations with unspecified employee representatives in companies < 50 employees
 - FR 2008 Law allowing negotiations with works committee in companies <50 employees (where no union presence);
 - PT 2009 legislation conferring bargaining competences on works councilors in 500+ companies;
 - RO: 2001 legislation permitting negotiation with unspecified employee representatives where 'no representative' trade union present

Debate

Between 'Social partners exclusion' (Marginson and Weltz, 2014) and 'marketization' (Crouch, 2015) :

- Paralysis of sector-level bargaining with gradual collapse;
 - Twin-Track arrangement (Sisson, 2014) with employers in large companies abandoning multi-employer bargaining , establishing their own company agreements;
- Inclusive structure of collective bargaining and the question of the ESM