

Perspective for Industrial Relations in Europe

Notes

by Machilu Zimba

Wage Coordination in the Metal sector in Central Western Europe: The emergence of a coordinated approach to transnational collective bargaining by trade unions in Belgium, the Netherlands and Germany (Vera Glassner and Toralf Pusch)

The paper presented discussed wage co-ordination in Europe using examples from Belgium, the Netherlands and Germany. These countries were seen as having similar Industrial Relations structures and traditions. However, in the discussion this was contested. When making comparisons, it is important to be clear what aspects of particular Industrial Relations systems are being compared, and whether they perform similar function. Different Socio-economic contexts should be taken into consideration as well.

The metal sector in each country was chosen as it is a sector that has adopted a 'Europeanized approach' to Collective Bargaining co-ordination that is fairly established.

Using empirical survey data, the questions that the researchers were asking were:

- are there any pattern setting effects between Germany, the Netherlands and Belgium?
- are there any institutional similarities or differences in terms of wage setting?
- are there any co-ordinating networks?

The conclusions that were drawn were that there are some forms of pattern setting effects, Germany being a country setting patterns to be followed in the Netherlands and Belgium.

Abstract

In the European Monetary Union the transnational coordination of collective wage bargaining has acquired increased importance on the agenda of trade unions. The metal sector has been at the forefront of these developments. This paper addresses the issue of cross-border wage setting coordination in the metal sector of the central western European region, i.e. in Germany, the Netherlands and Belgium, where coordination practices have become firmly established in comparison with other sectors. When testing the interaction of wage developments in the metal sector of these three countries, relevant macroeconomic (i.e. inflation and labour productivity) and sector-related variables (employment, export-dependence) are considered with reference to wage policy guidelines of the European Commission and the European Metalworkers' Federation. Empirical evidence can be found for a wage coordination effect in the form of an increasing compliance with the wage policy guideline of the European Metalworkers' Federation. The evidence for compliance with the stability-oriented wage guideline of the European Commission is weaker.

Wage setting, Labour markets and the Politics of Industrial Relations: Accounting for the Public Sector Wage Premium in Ireland (John Geary and Anthony Murphy)

The researchers sought to find reasons as to why the wage premium in Ireland is high. Public servants on average earn more than employees in the private sector. Although there are other

countries where such a discrepancy exists the researchers wanted to know why this was the case in Ireland.

The researchers argued for a combination of approaches from labour economics and the politics of Industrial relations in order to answer their central research question. Literature from both disciplines was used.

Literature from Labour Economics attributes wage premiums in Ireland to the result of a public sector that consists of larger enterprises than those in the private sector, a highly unionised public sector, and certain characteristics of employees, for example a better educated public sector. This explanation is incomplete, and thus answers from Industrial Relations were sought, and were stated as the following:

- a reason accounting for wage discrepancy relates to Ireland's economic history. Ireland experienced rapid economic growth over the period 1997 to 2006. This era has been called the era of the 'Celtic Tiger', this growth led to wage growth, however, private sector wages did not exceed public sector wages. Prior to this period wages in the public sector were lower than those in the private sector. In the 1990's a Public Service Benchmarking Body was formed with the duty of addressing wages in the public sector and wages in this sector were raised;
- the influence of Migration into Ireland during 1997 to 2006, should also be taken into consideration. A number of people from Eastern Europe migrated to Ireland, and their labour cost could arguably in the private sector be made lower than those of Irish citizens in the public sector;
- the strength of unions in the public sector, made it possible for them to bargain for higher wages;
- government conceding to unions wage requests for political reasons.

The conclusion of the paper was that econometric studies can only explain part of the discrepancy between wages in the public and private sector, and that the politics of Industrial relations provides other important reasons.

The question was posed as to how the government afforded to increase public servant wages. The response was that in Ireland indirect taxes are rather high, and these may have paid for increases in public servant wages.

The role of EWC in Building European IR

European-level negotiation and European Works Councils: a 'Milestone' for Industrial Relations in Europe? (Valeria Pulignano, Isabel Da Costa, Udo Rehfeldt, Volker Teljohann)

The researchers examined European Framework Agreements (EFA) and International Framework Agreements (IFA) and the role of the EWC directive of 1994. EFA were explained as consisting of aspects such as restructuring, social dialogue and Human Resource Management.

The aim of the research was to look at the strategies that have been taken by the main actors in Europe in terms of European-level negotiation.

Results showed that there are a limited number of EFA. Around 73 were made last year. It was found that EFA's tend to be signed by EWC's and not necessarily by Trade Unions in member states.

One thing hampering the lack of framework agreements at European level are structural and cultural differences amongst member states.

Further results pointed to the following: Employees often sign certain agreements once there is cross-border co-ordination. Employers on the other hand, sign these agreements when central management has the power to disseminate certain employee policy and practices from one location to another.

Varieties of Capitalism and Employment Relations (Ulke Veersma)

This was a presentation of research that is still on-going and so there weren't any major conclusions that were drawn. British Airways was the company that was investigated in terms of its Collective Bargaining with employees.

No varieties of capitalism or employment relations were discussed.

BA operates in a country where to a large extent employment relations are voluntary, and collective bargaining is decentralised.

The current state of BA was discussed anecdotally, with the researcher coming to the conclusion that the possible future for BA with regards to its employment relations would be to invest more in human resources in order to reach a state where they have a highly skilled and committed workforce.

Labour Relations and the Crisis

The end of the Consensus? The effects of the Economic Crisis on Industrial Relations in Luxembourg (Adrien Thomas and Patrick Thill)

The Luxembourg neo-corporatist model of Industrial Relations is of tripartism (Government, Employer Associations and Trade Unions), social dialogue and the search for consensus. A key institution that governs this tripartism was established in 1977 during the steel crisis. Luxembourg restructured its economy to be focussed more on the financial sector.

In 2008, Luxembourg had 0% economic growth, and the latest figures show an unemployment rate of 6.4%.

The response of the government to the crisis was to engage in discussions with employers and trade unions to find ways of tackling the challenges it faced. The result of this consultation was in general restructuring and losses of jobs across sectors in Luxembourg. Employers have focussed on economic competitiveness through cost reduction methods, while trade unions are claiming that, "We won't pay for your crisis".

The previous industrial relations model in Luxembourg did not prevent it from the effects of the crisis. Tripartism has been challenged recently, with a focus more on financial competitiveness and efficiency, and public finance rather than on the creation of jobs.

The previous success of the industrial relations model was a result of institutional structures of social dialogue in a time of economic prosperity.

Social Pacts and the Lack of Coordination among Business Interest Associations in Spain (Rosa Nonell, Iván Medina, Joaquim M. Molins)

The difficulty in explaining the difference between social pacts and national agreements in Spain was highlighted.

Social pacts in Spain are used instead of a reliance on labour market policy.

The theoretical approaches to investigating social pacts were discussed as:

- neo-corporatism;
- an Institutional approach;
- the organisational approach.

Collective Bargaining takes place at a sectoral and inter-sectoral level in Spain, but is conditioned by the Country's socio-economic and political context.

The main point stressed by the speakers is that there is a lack of co-ordination of collective bargaining at all levels in Spain. Furthermore, the government subsidizes and promotes tripartism, but this creates an unfair power dynamic, with government being able to call the shots.

Workers' Participation in Decision-Making in Russian Business Organisations (Efendiev, Aser, Balabanova, Evgeniya)

A large scale survey was conducted in Russia on worker's participation in decision making. The results showed two main issues:

- in what was labelled as a democratic company workers were passive and indifferent when it came to participation;
 - in authoritative company's workers once admitted to decision making processes, were proactive.
- The reasons for these results were not discussed. However, statistically, the results were questioned by others as not taking into consideration 'framing effects'.

Collective Bargaining and employment flexibilisation in Italy (Alessia Vatta)

The speaker spoke at length about the history of Industrial relations in Italy and the current challenges it faces, stressing that flexibility in the Italian labour market has existed since 1962. A comparison was made between social pacts made in 1993 and those made last year, 2009. The influence of domestic factors that affect atypical employment in Italy were brought to the fore. The peculiarity in Italy of over 20 different types of atypical employment contracts was contrasted to other European countries where some countries can have only up to 7 different types of atypical employment contracts. The main suggestion was that Italian Industrial Relations should take into consideration the country's tax system.

Representing Employment and other Interests

Gender Equality Aspiration and Persistent Gender Gaps (Catherine Casey)

The central research question investigated was whether or not gender mainstreaming is effective in European Industrial Relations. Her argument is that gender mainstreaming policy is too 'soft' and this may be a reason for its ineffectiveness.

After 10 years of policy development with regards to gender mainstreaming at EU level, some advancement has been made in terms of equal pay, and increased participation of women in the work place.

Challenges for gender mainstreaming remain, these are namely, persistent gaps between the remuneration of women and men, in opportunities for education and training, and in management and governance.

Although she argues that across the EU mainstreaming policies are too, 'soft' the solution is not simply to create 'hard' laws, but to strengthen present gender mainstreaming policy and initiatives.

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