

Case study three: the resilience of multi-employer bargaining in Europe

Although multi-employer bargaining has become rare in the private sector in Britain, as we demonstrate in chapter seven of the book, elsewhere in Europe it continues to be an influential means of determining pay and other conditions of employment. Pressures for reform, though, have by no means been absent as employers have struggled to secure the greater flexibility perceived to be inherent in company-level bargaining. During the 1980s, for example, leading employers in the Swedish manufacturing sector, concerned that the system of centralized wage negotiations inhibited their competitiveness, pressed for reform. But the process of decentralization was uneven, and characterized by the co-ordination of bargaining outcomes by the state (Kjellberg 1998).

Nevertheless, the case of Sweden demonstrates that pressures to decentralize bargaining have not been restricted to Britain. In the 1980s and 1990s multi-employer arrangements were increasingly challenged by the growing diversification of firms, the retreat of union power, though its pace varied from country to country, and the growth of 'productivity coalitions' (Katz 1993). What are productivity coalitions or, as they are sometimes referred to, 'productivity and employment coalitions' (PECs)? Briefly, these are arrangements whereby employees and unions in a particular firm agree to concessions over matters such as pay, working conditions, and the organization of work in exchange for employment security. Since PECs are explicitly designed to improve the competitiveness of individual firms, and the job prospects of employees within them, the resulting firm-specific arrangements invariably challenge the principles of industry-wide bargaining.

Franz Traxler (1995; 2003) notes the growing disaffection with multi-employer arrangements among employers, arguing that it has encouraged a process of 'organized decentralization' of bargaining in many countries. The concept of 'organized decentralization' refers to the way in which pressures to decentralize are accommodated within a centralized system, unlike in Britain where the devolution of bargaining has gone much further. In other words 'certain bargaining issues are delegated to regulation at company and plant level within a binding framework set by multi-employer settlement' (Traxler 2003: 19).

Perhaps the best example of this phenomenon is Germany where agreements reached by means of multi-employer bargaining at regional level have long been a distinctive feature of the system of employment relations, formally separate from the information, consultation, and co-determination rights enjoyed by works councils within the workplace – see chapter six of the book. For German employers, the principal advantage of these arrangements was the stability they engendered in so far as they helped to mitigate disruption (Tüselmann and Heise 2000). Rising levels of dissatisfaction, though, appear to threaten the German model (Hassel 1999; Tüselmann and Heise 2000). Hassel (1999) contends that more and more companies have opted for company-specific arrangements, diverging from the agreements struck at industry level. In order to raise competitiveness workers are expected to agree to measures to enhance workplace flexibility in return for investment and job guarantees. 'In big manufacturing companies such as Opel, Ford, Bayer, Continental and Hoechst Marion Roussel (HMR), cost-cutting campaigns have been struck by management and the works council' (Hassel 1999: 499).

Clearly, multi-employer bargaining in Germany has been under strain, but it is unlikely that developments reported by Hassel (1999) signal the erosion of the established arrangements for determining pay and conditions, but rather their evolution. Pressures to enhance flexibility notwithstanding, the framework of multi-employer, industry-level bargaining in Germany appears to be resilient. Although they have pushed for greater flexibility within the existing system, German employers appear reluctant to discard it entirely (Kilkauer 2002; Tüselmann and Heise 2000).

Question

* What does this international perspective suggest about the likely future of multi-employer bargaining in Europe?

Sources

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