

# **Labour Markets, Industrial Relations and Human Resources Management From Recession to Recovery**

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**Roger Blanpain**

*Guest Editors*

**William Bromwich**

**Olga Rymkevich**

**Iacopo Senatori**

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## Editorial

This issue of the *Bulletin* contains a selection of papers from the international conference in commemoration of Marco Biagi entitled *Europe 2020: Comparative Perspectives and Transnational Action*, held at the Marco Biagi Foundation in Modena, Italy on 17-19 March 2011,<sup>1</sup> with the participation of distinguished scholars from a wide range of disciplines. In the first chapter, **Mark Smith** and **Paola Villa**, members of the European Group on Gender Equality, provide a critical analysis of the evolution of gender in the European Employment Strategy since it was first launched. In particular, they point out that gender issues were almost completely absent from the consultation stages of the Europe 2020 Strategy, and underline the fact that Europe has still not achieved the higher employment rates for older workers that have been achieved in Japan. The seven flagship initiatives of the Europe 2020 Strategy – innovation, youth, the digital agenda, resource efficiency, industrial policy, skills and jobs and the fight against poverty – provide only a very partial inclusion of gender issues. In the view of the authors, the disappearance of a female-specific target in the Strategy will result in a reduced focus on policies for raising female employment rates.

The question of whether Europe is moving towards greater social inclusion or exclusion is examined by **Tony Royle**, who argues that the European social model is a contested and ambiguous concept. The 1989 Social Charter is seen as the high water mark in terms of intervention in favour of workers' rights, after

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1. The conference was supported by the European Commission, Industrial Relations and Social Dialogue, grant agreement VS/2010/0726 – The role of industrial relations in Europe 2020: from local concerns to transnational action.

which there appeared to be a turning of the tide, with a shift towards neo-liberal policies in the EU. The author develops this argument with reference to the 1994 (Recast 2009) European Works Council Directive, the 2001 European Company Statute and the 2002 Information and Consultation of Employees Directive. In addition he provides a critique of the *Laval* quartet of rulings by the European Court of Justice and examines their implications for the European social model.

With regard to the governance of industrial relations, **Kees J. Vos** underlines the diversity of industrial relations practices across Member States, in terms of actors, policies and frameworks at different levels, local, regional, national, European and global. The author focuses on the rise of International Framework Agreements and European Framework Agreements, with the latter negotiated by European Works Councils, and then examines Transnational Framework Agreements. He argues that the low level of coverage of TFAs (10-12 per cent of the workforce) may seem insignificant in comparison with traditional collective agreements, but their main value is as a stepping stone in countries where a trade union tradition is lacking.

In relation to human capital, a core concept in the Europe 2020 Strategy, **Liana Verzicco** examines the Lisbon objectives 10 years after, and finds that the targets for educational attainment have not been reached in Italy, particularly with regard to early leavers from education and training. The Programme for International Student Assessment (the PISA study) promoted by the Organization for Economic Cooperation and Development has highlighted a number of shortcomings that policy-makers need to address. In Italy the combination of low birth rates and increasing longevity results in a slow rate of change in the structure of human capital. One of the key objectives at European level is to increase the share of the population aged 30–34 who have completed tertiary education from 31% to 40%, but there are considerable doubts about whether this target will be reached.

**Francesca Bergamante** provides an overview of women in the Italian labour market compared to other European countries, presenting evidence in support of the claim that the provision of childcare promotes female labour market participation, as shown in the case of Sweden, where 75 per cent of women with three children manage to remain active in the labour market. This is a much higher rate of employment than for women in Italy in all age groups without children, that is only 61 per cent. Two other countries that are positive examples in this respect are Finland and the Netherlands, at least until the birth of the second child. Childcare provision is an issue that Italian policy-makers need to address in order to make progress towards the Europe 2020 targets.

**Riccardo Gatto** and **Leonello Tronti** focus on the impact of the recession on the Italian labour market. Although in the first two years of the recession (2008-2009) the budget deficit averaged just 4% of GDP (compared to 5.7% in France, 7.8% in Spain, 9.6% in the United Kingdom and 10.2% in Ireland), over the same period Italian GDP fell by 6.3%, almost twice the 3.6% decline for the euro area as a whole, indicating the lack of a direct relation between budget deficits and employment levels. Against this backdrop the authors provide statistical

evidence of short-time working, labour hoarding and labour underutilization. They argue for policies to promote a new growth path in which higher wages drive domestic demand, rather than relying on an exclusively export-led model. In addition they underline the need to enhance training policies for employable skills, and to introduce a more rational and efficient system of unemployment benefits – measures that were advocated by Marco Biagi over a decade ago, but that have not yet been implemented.

In her study of cultural change at Fiat, **Elena Dinubila** provides an account of industrial relations at the Melfi production facility in the sparsely populated Basilicata region that does not have a strong union tradition. The principle of inclusive growth laid down in the Europe 2020 Strategy is contrasted with the concept of participation at Fiat based on the precepts of World Class Manufacturing, pointing to a divergence between the European rhetoric and the policies adopted in the latest collective agreements.

**Karen L. Jones** examines the UN Global Compact principles as part of the decent work initiative, and considers corporate social responsibility and the extent to which it can be enforced. The author highlights the lack of sanctions for failure to comply with the UN principles. The same critique may be made also of corporate codes, that in general do not carry with them any legal effect. In the same way, International Framework Agreements often lack a clear enforcement mechanism to ensure compliance, leading the author to ask whether alternative dispute resolution might be able to play an effective role in this respect.

**Alberto Mattei** considers the impact of the free movement of services and the posting of workers on workers' rights in the transnational provision of services. The liberalization of the services market since the adoption of Directive 2006/123/EC (ex Bolkestein), and the enlargement of the European Union to 27 Member States, have contributed to the imbalance between employers' interests and social rights and in this connection the rulings of the European Court of Justice have also had a major impact. The author discusses the extent to which private international law could provide a response to the transnational regulation of labour, particularly with regard to posted workers.

**Nuna Zekic** reflects on the distinction between the concepts of job security and employment security. To safeguard employment security, it is essential for workers to keep their skills and knowledge up-to-date, and collective agreements can play a key role in promoting this objective, as shown by the Scandinavian countries and the Netherlands. In these countries collective agreements govern many aspects of employment and are arguably more important than statutory law. The author also mentions the Dutch Flexibility and Security Act 1999, that was intended to facilitate the transition from temporary to open-ended contracts, a transition that in recent years has become increasingly problematic.

With reference to national experience, **Francisco José Barba Ramos** provides an overview of the labour market reform in Spain in 2010, underlining the apparently unstoppable process of liberal market reform. The author argues that the new regulations fail to adequately address the alarmingly high rates of precarious and



temporary employment in the Spanish labour market, accounting for one-third of all employment contracts, twice the EU average. He also points out the serious structural imbalances leading to the bursting of the bubble in the Spanish economy, such as the disproportionate weight in the economy of the construction industry. Finally, he examines the debate on active labour market policies, the structure of public and private employment services, and their coordination at the state and regional level.

The concerns about precarious work in Spain find a counterpoint in the study by **Judy Haiven** in Canada and the United Kingdom. She casts light on the fact that precarious employment (precarity) brings in its wake low income, limited benefits and reduced statutory entitlements. In Canada full-time permanent positions have been declining over the years, falling to 63% of the labour market in 2003. In this scenario, union responses are key, and the author provides a survey of various forms of union action in Canada and the UK to address precarious employment. With about 70% of the workforce in these two countries having no union representation and no collective voice, dissatisfied workers may feel they have no real choice between 'voice' or 'exit'.

In his analysis of the reform of the Chilean pension system, **Pablo Arellano Ortiz** argues that the latest version could serve as a model for the countries of Central and Eastern Europe, particularly those that adopted the model of privatized pensions during the transition to the market economy. Chile now has a solidarity (non-contributory) pension, a solidarity-based top-up benefit, and a contributory pension, for those with an income allowing them to make voluntary contributions. The contributory pension bears some resemblance to the 401(k) retirement savings account in the USA, and enables the employer to make a matching contribution that is at least equivalent to that paid by the worker. Taken together, these measures fill the gaps in the earlier version of the Chilean pension scheme, enabling the system to achieve compliance with ILO standards.

In the final chapter, **Raffaella Cascioli** presents data from the Labour Force Survey to cast light on access to the labour market for young people, with reference to the Italian experience. The figures show that the recession has had a disproportionate effect on young people, and that their over-exposure to non-standard employment has had a negative impact. The proportion of young people classified as NEETs (Not in Education, Employment or Training) is a matter of grave concern that needs to be addressed by policy-makers. In this connection two Europe 2020 targets seem to be a priority: the percentage of 18-24 year olds with a low level of educational attainment, that is currently running at 19 per cent compared with a benchmark of no more than 10 per cent, and the share of 30-34 year olds with tertiary education, that is just 19 per cent, whereas the benchmark is 40 per cent. Some critics would argue that this benchmark has been set too high, considering that the corresponding figure for a dynamic economy such as Switzerland is 26

per cent, and the figure for both Canada and Japan is 29 per cent.<sup>2</sup> In spite of objections of this kind, there is a strong argument in favour of investing a larger share of GDP in education and training, even during a recession, bringing to mind Marco Biagi's research and action in favour of education, training and lifelong learning. Many of the measures he advocated are still awaiting implementation.

*William Bromwich  
Olga Rymkevich  
Iacopo Senatori*

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2. [http://instruct.uwo.ca/cfr/020kc/CSI\\_Resources/International\\_Ed\\_Comparison.htm](http://instruct.uwo.ca/cfr/020kc/CSI_Resources/International_Ed_Comparison.htm).

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