

# **Challenges in European Employment Relations**

**Employment Regulation, Trade Union  
Organization, Equality, Flexicurity,  
Training and New Approaches to Pay**

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# Challenges of European Employment Relations: Guest Editor's Introduction

*Linda Dickens*

The papers in this volume were presented in earlier versions at the International Industrial Relations Association 8th European Regional Congress, held in the UK in September 2007 on the theme 'the Dynamics of European Employment Relations'. In developing this theme, the Academic Steering Group, which I chaired, took as its starting point the way in which national and international systems of employment relations are evolving rapidly in the face of cross-cutting pressures for change. Globalization is often seen as undermining national traditions of regulation in the private sector of the economy, while privatization, outsourcing and budgetary pressures have parallel effects in public services. Yet national, regional and local governance regimes can be sources of competitive advantage, and the properties that might underpin the vision of a high-wage and high-skill Europe are widely discussed. European economic and market integration has been portrayed both as curtailing the autonomy of national industrial relations actors and institutions and as reinforcing their roles in securing much-needed economic adjustment. Cutting across such issues are the consequences of EU enlargement, the shift from manufacturing to services, changes in the gender composition and demographic profile of the labour force, and the growing influence of multinational companies. The Congress sought to address these issues in four specific tracks:

- restructuring work: new approaches to pay and working time;
- voice at work: new challenges, new forms;
- regulating employment; and
- public sector restructuring.

In editing this volume I have selected papers from the different tracks that together help convey the breadth of the topics engaged with at the Congress. In different ways the papers illuminate issues outlined above and deal with key contemporary challenges in European employment relations.

Armour and colleagues consider evidence on the recent evolution of labour law in four countries, three within Europe and two beyond, to critically consider influences on the content and effects of labour law. Their detailed examination of a longitudinal dataset finds some evidence at aggregate level of the influence of common law and civil law regulatory styles (the legal origin effect). However, a more complex picture emerged when the focus is on specific areas of labour law. The paper considers the significance of this in terms of understanding the impact of legal change on economic development.

The paper by Hall and his colleagues considers the impact in the UK of a particular piece of legal change driven by European law (Directive 2002/14/EC). Their focus is the Information and Consultation of Employees Regulations, and in particular the position and responses of British trade unions. This EU Directive carried more profound implications for the UK (and Ireland) than for other Member States, given the traditional absence of consultation mechanisms in non-union workplaces, and trade union suspicion of legislative and employer attempts to provide these. Using their own case study research, the authors' interim assessment of the impact of the Regulations is that there is no evidence that effects on unions will be negative; rather, that benefits can be realized by unions, particularly if they become bolder in their approach to the regulations.

The debate that has taken place in the UK as to whether information and consultation mechanisms are a threat to trade unions or offer advantages to them has also been conducted elsewhere, including in relation to European Works Councils (EWC). Pulignano's paper also reaches a tentatively optimistic conclusion. She acknowledges a number of obstacles but argues that EWCs, as networks within multinational companies across Europe, offer the possibility of international union action and transnational solidarity in the face of developments such as liberalization of trade, indicated above.

Current debates within Europe on 'flexicurity' and changing demographics of the labour force are brought together in the paper by Bredgaard and Tros. They draw on their original data from a comparative survey to investigate the implementation of flexicurity arrangements in relation to older workers in workplaces in the Netherlands, Denmark, Germany and Belgium. Although there are similarities in national policy shifts in the four countries, their research reveals wide variation at company level and highlights both cross-national and sectoral variation.

The article by Andersen and Hansen touches on another important topic in EU current policy debate – that of migrant and posted workers from new accession states. They consider the challenges that trade unions have faced due to the presence of EEC workers in the Danish construction sector and analyze trade unions' strategies in responding to these. Three types of response are identified and discussed using original interview data: influencing the state; working with employers' associations and, thirdly, autonomous union action. The paper tracks

the changing balance between strategies over time, and considers their interaction with European legal developments.

Changing labour market demographics underline the importance also of the paper by Scheele – in this case in terms of the gender composition. Gender equality has been a concern of the European Community from its outset, and an area of considerable legal regulation. Progress has been made but inequality persists – including gender pay gaps. Scheele uses original case study research in public administration to discuss this, emphasizing the importance of organizational culture, and considering the potential and limitations of organizational ‘managing diversity’ approaches aimed at cultural change.

McBride and Waddington explore gender in a different context. Their paper investigates recent trade union mergers in three European countries, assessing the impact of mergers on gender democracy in trade unions. As they note, this aspect of union mergers is rarely if ever addressed, risking drawing partial conclusions about the contribution of mergers in terms of matters such as the extension of unionization, efficiency and effectiveness. They argue that the merger process provides a key opportunity to reform union structures and increase gender democracy, but find the opportunity is not often taken.

The article by Hansen provides a more detailed research account of one of the mergers in the McBride and Waddington study – that which produced the Danish union 3F. Her focus is on how the Fair Representation Agreement, an important aspect of the merger, was implemented at local level. The merger was of the 100-year-old all-female union (KAD) with the larger, mixed, General Workers Union (SiD). For KAD the fair representation agreement was important in ensuring female representation and continuing its values in the future, through gender equality policies and activities. Hansen demonstrates the influence of different kinds of branch leadership on outcomes, but her argument is not simply that the type of leadership style (transformational, interactive rather than laissez-faire or transactional) makes a difference. She identifies a more complex set of influencing factors, and argues that leadership is a dynamic process produced in relation to fellow leaders and to discourses on leadership and gender.

Much recent trade union merger activity in Europe has been defensive – a survival response to environmental conditions, some of which I indicated at the beginning of this introduction. These impact adversely in terms of membership decline and the coverage of collective bargaining. Changes in the structure and coverage of collective bargaining and a weakening of its regulatory potential have led to increased debate in some countries on the role of different forms of statutory minimum conditions.

The paper by Skarpelis and Brown reflects on the experience in the UK since the 1998 introduction of a legally enforceable National Minimum Wage, and the current context and debate on minimum standards in Germany. Their paper uses research into the operation of the NMW in the UK to address four key issues at the heart of the current debate in Germany (growth of low wage jobs, bargaining autonomy, different interests of large and small employers and equal treatment of posted and native workers within increasingly transnational labour markets).



They conclude that a legal enforceable minimum wage can compensate (in part) for the decline in collective bargaining by providing a floor to wages. It can provide a foundation on which decent employment standards can be built, a foundation once provided by collective bargaining and its associated institutions.

Pay is the focus also of the paper by Arrowsmith and colleagues. However, they are not concerned with legislated change in this area but rather with managerial initiatives. Their exploration of the management of pay in banking finds variable pay systems (where a proportion of pay is linked to appraisal of performance) being used extensively in four countries with very different institutional arrangements for industrial relations. In Austria, Spain, Norway and the UK, pay systems in the banking sector have been revised in response to changing business objectives and new forms of work organization, facilitated by the decentralization of collective bargaining from sector level. Across the four countries studied the authors found shared managerial objectives in terms of performance management and cost control underpinning the use of variable pay systems. The forms of variable pay system vary, but the research finds a common drive towards individual merit pay and multiple bonus arrangements, reflecting the increased scope for managerial discretion. In this area, they suggest, path dependency at national level appears to be weakening.

A number of the contextual factors discussed in other articles (e.g., decline in strong trade unions, EU enlargement, change in employment structure and in the composition of the labour market) are picked up by Bosch and Charest in considering reasons for the decline in vocational training systems (such as apprenticeships) in many countries. They point also to the unprecedented rise in higher education in developed countries since the 1950s. The article provides a comparison of the education and training systems in five countries (Denmark, Germany, the US, Canada and South Korea), exploring what might be required for a renaissance in vocational training. Importantly, they consider the complex inter-linkages between training, education, labour market and industrial relations. In particular, the authors question whether a renaissance in vocational training is likely without the social partners, without the establishment of new links between vocational training and general education systems and without continuous adaptation of current vocational training to structural change. They argue that the role of social actors, the way and level to which these are structured and their ability to negotiate and adjust the VET system to labour market changes are crucial for renewal.

As will be apparent from this introduction, a number of the papers present new data from original empirical research and/or address the important issues they raise in comparative perspective, drawing on countries within the EU and beyond. Where a paper is not itself comparative in focus, then the issue it addresses is of international or cross-national importance. As host country for the Congress the UK is well represented among the authors, but papers come from a range of countries and offer different disciplinary perspectives. In this way the papers reflect some of the strengths of the IIRA 8th European Regional Congress, which testified to the continued vitality and importance of industrial relations as a field of study.

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