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Dissertation

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**Two Paths towards Europeanisation:
The institutional and economic determinants of the
transnationalisation of collective bargaining on the
European sector level**

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Contents

Introduction	9
I. THEORETICAL BACKGROUND	15
1. Europeanisation of industrial relations: the social dimension of the EU	15
1.1 The Community multi-level system of social policy coordination and regulation	15
1.2 Sectoral coordination of collective agreements as a trade-union driven pattern of Europeanisation	18
1.3 European social dialogues: from discussion to negotiation forums	21
1.3.1 The ‚Decentralisation‘ and ‚Autonomisation‘ of ESD: The European Social Dialogue on the sector-level	23
1.4 Defining the concept of ‘Europeanisation’ - centralised and decentralised patterns	29
1.4.1 The centralised pattern: Top-down effects in the European multi-level system	31
1.4.2 The decentralised pattern: Bottom-up effects in the European multi-level system	34
1.5 Three routes towards Europeanisation	35
1.5.1. The ‘Euro-optimist’ scenario: development of a European system of industrial relations	36
1.5.2 The Euro-pessimist scenario: neo-voluntarism and negative integration in the EU as the implications of the power gap between capital and labour	38
1.5.2.1 The predominance of supranational legislation – asymmetry between economic and political integration	38
1.5.2.2 Neo-voluntarism and soft regulation as the predominant style of governance in European social policy	41
1.5.2.3. The class-specific logic of collective action: causes and implications of the asymmetry of power between labour and capital	43
1.5.2.3.1 The trade union dilemma: between the ability to organise and the ability to act	43
1.5.2.3.2 The functions of multi-employer bargaining	48
1.5.2.4 The multi-dimensional logic of collective action - extension of the approach taken by Offe and Wiesenthal (1985)	49
1.5.2.4.1 Generalisability – Harmonisation of interests	50
1.5.2.4.2 Associability – organisation capacity of associations	50
1.5.2.4.3 Governability	51
1.5.2.5 Consequences of the different logic of collective action for the policies of trade unions and employers associations	53
1.5.2.5.1 Two phenomena of opportunism: Political Exchange and freeriding	54
1.5.2.6 Diversity within and between national systems of industrial relations and regime competition	56

1.5.2.7 Effects of regime competition on the negotiating position of the collective bargaining parties	58
1.5.3 Beyond ‘Euro-optimism’ and ‘Euro-pessimism’: ‘Euro-pragmatism’ as an interest- and actors driven approach to Europeanisation	61
1.5.3.1 Pattern Bargaining – A means for the transnational coordination of collective bargaining?	61
II. EMPIRICAL ANALYSIS	69
2. Research Questions and Meta-Assumptions	69
3. The dependent variable: Operationalisation of the concepts of centralised and decentralised patterns of Europeanisation of collective bargaining policies	74
3.1 Conceptualisation of the centralised pattern of Europeanisation	75
3.2 Conceptualisation of the decentralised pattern of Europeanisation	76
3.2.1 The metal sector as the starting point for the operationalisation of the Europeanisation of collective bargaining	76
3.3 Alternative, ‘non-collective bargaining’ approaches	80
3.3.1 Lobbying the EU legislator	80
3.3.2 European social dialogues on the sector level	80
3.4 The relationship between transnational collective bargaining coordination and the ‘legislative’ approach of EIF	83
4. Identifying the independent variables: Guiding Hypotheses on the relationship between economic and institutional factors and the pattern of Europeanisation	85
4.1. Guiding Hypotheses	86
4.1.1 Hypothesis 1 – Labour Mobility	86
4.1.2 Hypothesis 2 – Capital Mobility	86
4.1.3 Hypothesis 3 – Export dependence	88
4.1.4 Hypothesis 4 – Product Market Regulation	90
4.1.5 Hypothesis 5 – Organisational density of trade unions	91
4.1.6 Hypothesis 6 – Concentration of the associational system of IR	92
4.1.7 Hypothesis 7 – Level of collective bargaining	93
4.1.8 Hypothesis 8 – Mechanisms of collective bargaining	95
4.1.9 Hypothesis 9 – Inclusiveness/Exclusiveness of the system of IR	96
5. The economic, institutional and actor-specific determinants of the transnational coordination of collective bargaining: Methodological Remarks	98
5.1 The operationalisation of sector-specific institutional variables	101
5.1.1 Representational domain, extension practice and collective bargaining coverage	102
5.1.2 Collective bargaining level and patterns of collective bargaining coordination	103
5.1.2.1 A sector-specific typology of national collective bargaining systems	107

5.1.3 Trade union density	111
6. Selection of the sectors on the basis of a hypothesis-driven conception of sector profiles	113
7. Sectoral characteristics of the economic factors	115
7.1 Labour Mobility	115
7.1.2 Development of the legislation on mobility of labour	117
7.2 Capital Mobility	119
7.3 Export dependence	121
7.4 Product Market Regulation	123
8. Thematic focal points of the qualitative and descriptive sector analysis	125
8.1 Sector typologies of the national collective bargaining systems.....	125
8.2 Actor-specific factors: How are the different paths of Europeanisation of collective bargaining perceived by EIF key actors?	127
9. Sector Analyses	128
9.1 Metal Sector	129
9.1.1 Economic background.....	130
9.1.2 The national trade unions the metal sector.....	138
9.1.2.1 Austria	140
9.1.2.2 Belgium	141
9.1.2.3 Czech Republic	142
9.1.2.4 Denmark	142
9.1.2.5 Finland.....	143
9.1.2.6 France	144
9.1.2.7 Germany	144
9.1.2.8 Greece.....	145
9.1.2.9 Italy.....	146
9.1.2.10 Ireland.....	146
9.1.2.11 Netherlands.....	147
9.1.2.12 Poland.....	148
9.1.2.13 Portugal	149
9.1.2.14 Slovakia.....	149
9.1.2.15 Spain.....	150
9.1.2.16 Sweden	150
9.1.2.17 United Kingdom.....	151
9.1.3 The National Systems of Industrial relations in the metal sector.....	152
9.1.3.1 Organisational domain concentration/fragmentation of the union system.....	152
9.1.3.2 Extension practice and collective bargaining coverage	155
9.1.3.3 Characteristics of the sector-level collective bargaining system	156
9.1.3.4 Density of the sector-related trade unions.....	159
9.1.4 Transnational inter-union networks in the metal sector	160

9.1.5 Wage bargaining coordination in the metal sector: The European Coordination Rule	169
9.1.6 Information and collective bargaining coordination in the metal sector – the Eucob@n Information and Reporting System of the European Metalworkers’ Federation.....	177
9.1.7 European Social Dialogue in the metal sector	179
9.1.8 – Trade Union Actors’ perceptions in the metal sector.....	181
9.1.8.1 Trade union actors’ perceptions with regard to union-led cross-border coordination initiatives.....	181
9.1.8.2 Trade union actors’ perceptions with regard to central and de-central coordination approaches.....	183
9.2 Chemical Sector	185
9.2.1 Economic background.....	185
9.2.2 The national systems of industrial relations in the chemical sector.....	187
9.2.2.1 Representative domain concentration/fragmentation of the union system	188
9.2.2.2 Extension practice and collective bargaining coverage	190
9.2.2.3 Characteristics of the sector-level collective bargaining system	192
9.2.2.4 Density of the sector-related trade unions.....	195
9.2.3 The chemical sectors’ bottom-up approach: Union-led networks for information exchange on collective bargaining issues.....	196
9.2.4 A coordinated cross-border approach to collective bargaining: The Ecob@n information and reporting system of the European Mine, Chemical and Energy Workers’ Federation (EMCEF)	198
9.2.5 European Social Dialogue in the Chemical Sector	199
9.2.6 Trade union actors’ perceptions in the chemical sector	202
9.2.6.1 Trade union actors’ perceptions with regard to union-led cross-border coordination initiatives.....	202
9.2.6.2 Trade union actors’ perceptions with regard to central and de-central coordination approaches.....	203
9.3 Food Sector	205
9.3.1 Economic background.....	205
9.3.2 The national systems of industrial relations in the food sector	206
9.3.2.1 Representative domain concentration/fragmentation of the union system	207
9.3.2.2 Extension Practice and collective bargaining coverage	209
9.3.2.3 Characteristics of the sector-level collective bargaining system	211
9.3.2.4 Density of the sector-related trade unions.....	214
9.3.3 The food sectors’ decentralised approach: Union-led networks for information exchange on collective bargaining issues.....	215
9.3.4.1 Informal European social dialogue in the food sectors	217

9.3.4 Trade union actors' perceptions in the food sector	218
9.3.4.1 Trade union actors' perceptions with regard to union-led cross-border coordination initiatives.....	218
9.3.4.2 Trade union actors' perceptions with regard to central and de-central coordination approaches.....	220
9.4 Telecommunications Sector	221
9.4.1 Economic Background	221
9.4.2 The National Systems of Industrial relations in the Telecom Sector.....	223
9.4.2.1 Representative domain concentration/fragmentation of the union system	223
9.4.2.2 Extension Practice and collective bargaining coverage	226
9.4.2.3 Characteristics of the sector-level collective bargaining system	228
9.4.2.4 Density of the sector-related trade unions.....	231
9.4.3 The telecommunications sectors' MNC-level approach: 'MNC-alliances' as a means for the transnational organisation of employees' interests?.....	233
9.4.4 European Social Dialogue in the Telecommunications Sector	235
9.4.5 Trade Union Actors' Perceptions in the Telecommunications Sector	236
9.4.5.1 Trade union actors' perceptions with regard to ESSD and union-led coordination approaches.....	237
9.5 Construction Sector	238
9.5.1 Economic background.....	238
9.5.2 The national systems of industrial relations in the construction sector.....	240
9.5.2.1 Representative domain concentration/fragmentation of the union system	240
9.5.2.2 Extension Practice and collective bargaining coverage	242
9.5.2.3 Characteristics of the sector-level collective bargaining system	244
9.5.2.4 Density of the sector-related trade unions.....	247
9.5.3 The Construction Sectors' 'alternative' approach: Decentralised collective bargaining coordination or lobbying for European regulation?	249
9.5.4 European social dialogue in the construction sector	251
9.5.5 Trade union actors' perceptions in the construction sector.....	251
9.5.5.1 Trade union actors' perceptions with regard to union-led cross-border coordination initiatives.....	251
9.5.5.2 Trade union actors' perceptions with regard to central and de-central coordination approaches.....	252
9.6 The Banking Sector	255
9.6.1 Economic background.....	255
9.6.2 The national systems of industrial relations in the banking sector	256
9.6.2.1 Representative domain concentration/fragmentation of the union system	256
9.6.2.2 Extension practice and collective bargaining coverage	259
9.6.2.3 Characteristics of the sector-level collective bargaining system	261

9.6.2.4 Density of the sector-related trade unions	264
9.6.3 Decentralised coordination in the banking sector: The UNI-Finance Collective Bargaining Network	265
9.6.4 European social dialogue in the banking sector	268
9.6.5 Trade union actors' perceptions in the banking sector.....	268
9.6.5.1 Trade union actors' perceptions on transnational coordination against the background of internationalised markets	268
9.6.5.2 Trade union actors' perceptions with regard to central and de-central coordination approaches.....	269
9.7 Cleaning Industry	271
9.7.1 Economic background.....	271
9.7.2 The national systems of industrial relations in the cleaning sector.....	272
9.7.2.1 Representative domain concentration/fragmentation of the union system	272
9.7.2.2 Extension Practice and collective bargaining coverage	276
9.7.2.3 Characteristics of the sector-level collective bargaining system	277
9.7.2.4 Density of the sector-related trade unions.....	279
9.7.3 MNCs as the focal point for UNI Property Services European-wide strategies for the improvement of labour standards and working conditions.....	281
9.7.4 Trade union actors' perceptions in the cleaning sector	285
9.7.4.1 Trade union actors' perceptions with regard to European sectoral social dialogue and union-led cross-border coordination initiatives	285
9.7.4.2 Trade union actors' perceptions with regard to central and de-central coordination approaches.....	287
10. Quantitative Sector Analysis: testing the hypotheses	288
10.1 Methodological remarks: limits of the regression analysis.....	289
10.2 Export dependence and union density as influential factors in the Europeanisation of collective bargaining	289
11. Putting the hypotheses to the test – results of the qualitative and quantitative analyses ..	294
11.1 Centralised or decentralised Europeanisation of collective bargaining?	294
11.1.1 Labour mobility: H1.a and H1.b	294
11.1.2 Capital mobility: H2.a and H2.b	295
11.1.3 Export dependence: H3.a and H3.b.....	296
11.1.4 Product market regulation: H4.a and H4.b.....	296
11.1.5 Union density: H5.a and H5.b	298
11.1.6 Union fragmentation: H6.a and H6.b	299
11.1.7 Collective bargaining level: H7.a and H7.b	301
11.1.8 Collective bargaining coordination: H8.a and H8.b.....	302
11.1.9 Collective bargaining coverage: H9.b	303

11.2 The relationship between European sectoral social dialogue and the Europeanisation of collective bargaining.....	304
11.2.1 Export dependence as a factor conducive to European sectoral dialogue (H1.c)?.....	304
11.2.2 Capital mobility as an incentive for European sectoral social dialogue (H2.c)?.....	305
11.2.3 Liberalisation and privatisation and the resurgence of European sectoral social dialogue (H4.c)	306
11.2.4 Union fragmentation as an obstacle to agreement in European sectoral social dialogue (H6.c)?	306
11.3 Lobbying for European regulation as a functional equivalent of the Europeanisation of collective bargaining?	307
11.3.1 Labour mobility and European regulation: H1.c.....	307
11.3.2 Lobbying for EU regulation as a functional equivalent of low collective bargaining coverage: H9.c.....	308
12. Conclusions	311
References	317
Documents.....	329
Data Sources.....	331
Interviews	331
Annex 1: Tables METAL SECTOR	333
Annex 2: Tables CHEMICAL SECTOR	338
Annex 3: Tables FOOD SECTOR	344
Annex 4: Tables TELECOMMUNICATIONS SECTOR	350
Annex 5: Tables CONSTRUCTION SECTOR	356
Annex 6: Tables BANKING SECTOR.....	362
Annex 7: Tables CLEANING SECTOR.....	366
Annex 8 – Market Regulation	370
Annex 9 – Output regression analysis.....	377
Annex 10 – Frequencies economic and institutional variables by sectors	378
Annex 11 – Overview of the hypotheses and factors in relation to the Europeanisation process:.....	382
List of tables	386
List of tables - Annexes.....	388
List of Abbreviations.....	390

Introduction

This study investigates the strategies for Europeanisation that are available to European and national social partners – in particular in the context of European Monetary Union (EMU). The main focus is on the question of whether developments within the European Community in recent years (Maastricht Treaty, Amsterdam Treaty, EMU) have favoured the development of a European multi-level system of industrial relations. Of particular interest are developments at sectoral level. On this basis, the future prospects of a Community-wide system to coordinate social regulation will be investigated. The following *research questions* can be formulated:

- In what *form* can a *European system of industrial relations* be compatible with the trend towards growing *divergence* within and between national collective bargaining systems (cf. Traxler 1995, Traxler and Schmitter 1995, Marginson and Sisson 1996, Traxler et al. 2001)?
- Do the organisational and institutional differences between national systems of collective bargaining require *differing paths to Europeanisation*?
- Are *centralised* and *decentralised* forms of coordination mutually incompatible, or can both forms complement each other within a European multi-level system of industrial relations?

In the first part of the paper, the phenomenon of *Europeanisation of industrial relations* will be subjected to a theoretical analysis of the concept, and this in turn will enable the *conditions* for Europeanisation processes to be analysed. The focus will then be further narrowed in order to formulate general and specific assumptions regarding the complex interaction between economic, actor-specific and political/institutional factors. The central level of analysis in this paper is the transnational *sectoral* level. In particular we look at the question of what specific sectoral conditions – both economic and institutional – favour decentralised or centralised Europeanisation processes in wages and employment policy.

Both collectively agreed *wage settlements* and regulation of *working conditions* are the subject of coordination attempts. As wages policy is explicitly excluded from regulation at Community level, only the national social partners have any coordination powers. It is generally only the trade unions that have any interest in coordination, while employers benefit from wage differentials. Mobility of capital often enables employers to threaten national negotiating partners

on the employee side and force them to make concessions. One counterstrategy of the trade unions takes the form of cross-border initiatives to coordinate wage negotiations and settlements with partner organisations in economically closely linked regions and sectors, the aim being to combat the rush to undercut wages and working conditions.

The situation in the case of regulation of working conditions is rather different. Matters related to regulation of social and employment policies are separately identified in the Social Policy Agreement Annexd to the European Community Treaty as being subject to regulation as part of Social Dialogue. Since the changes introduced by the Treaty of Amsterdam (1997), dialogue between the European social partners can also take place at sectoral level. To date, a large number of joint statements, recommendations and agreements have been made for a number of different sectors of industry.

Analysis of the specific dynamics and interaction at *sectoral level* is of particular interest because this level is crucial for the emergence of a European system of industrial relations. Firstly, the distribution of powers between the Community organs and the European social partners on the one hand and the social partners within the member states on the other is such that the European sectoral level represents an interface for coordination of wage and working standards. In the eurozone, in which a common monetary policy has to be harmonised with the diverging degrees of coordination achieved by (sub)nationally fragmented collective bargaining systems in order to maintain macroeconomic stability within the EU, coordination of decisions on wages policy at transnational level is particularly important. With the loss of the exchange rate as an instrument for national policymakers to respond to economic shocks and changes in the competitive situation, the scope in terms of fiscal policy – in any case limited as a result of the stability and growth pact – for anti-cyclical measures within an individual state is drastically reduced. Limited labour mobility and the lack of any Community-wide system of financial compensation along the lines of the US model (cf. Eichengreen 1997) mean that the task of economic adjustment falls to wages. This means that the actors in the field of wages and social policy, above all the trade unions, have a key role to play in coordinating wage settlements based on collective agreements within the Community.

Eastern enlargement of the EU has also underlined the need for coordination of wages policy. Rapidly growing wage differentials between the new and old member states – combined with transparency regarding the diverging wage levels between them – increases the pressure on wage settlements, particularly in western Europe. Thus in most member states since the early 1990s there has been a return to macro-political social pacts aimed at improving national competitiveness, and during the same period the number of in-company micro-pacts between

management and workforce representatives has also increased. The new member states, for their part, have to grapple with increased regime competition, as poor labour standards and lower levels of trade union membership represent an incentive for some companies. Investment decisions by businesses thus not only delay the process of catching up in terms of economic growth and improved productivity but also the development of efficient and effective social policy institutions and sustainable industrial relations in the new member states.

Secondly, industrial sectors represent the level at which national and class-specific interests crystallise. In contrast to the rational logic of decision-making according to functional requirements and dynamics ascribed by neo-functional integration theory to economic actors, the policies of European employers' and employees' associations are often subject to asymmetries of power and lines of conflict. Within the political system of the European Community, the class interests of capital and labour are embedded in a complex network of national, sectoral and regional interests. Political decision-making structures in the EU, which are dominated by inter-governmental modes of governance, combined with the wide range of different areas in which decisions are being made, results in constellations of interests that cut across the normal class-related positions.

The implications of these configurations of interests and decision-making structures in the EU political system for European industrial relations affect the organisation of national and European employee and employer organisations in a similar manner. As the architecture of European social policy is based on national systems of industrial relations and the Community is not in a position to mobilise the political resources that would be required to build up a supra-state political order, the social partners in the member states direct their activities towards participation in national policy-making processes. Whereas the trade unions, since the preparatory and transitional phases of European Economic and Monetary Union, have increasingly participated in national alliances for improving employment and competitiveness (cf. Fajertag and Pochet 2000), the employer associations have attempted to pursue their 'European' interests through inter-governmental channels, above all through lobbying the Council of Ministers (cf. Streeck and Schmitter 1992). As the employer associations in the member states have always rejected the idea of Community regulation of working standards, there has been no transfer of resources to the supranational level. Thus Business Europe, the European umbrella organisation for employers' associations, possesses neither a comprehensive mandate to carry out negotiations nor an agenda on which Europe-wide coordination of collective bargaining at association level is a priority.

In contrast to national, cross-sectoral and company levels, there has been relatively little systematic comparative analysis of the transnational sectoral level, despite the fact that the level of industrial sectors offers considerable advantages for negotiating partners. Thus joint, international interests are more likely to be identified and negotiated within more narrowly defined sectoral limits than superordinate general interests at a macro-level. This greater degree of homogeneity is strengthened as a result of increasing 'regionalisation' of the European economic area. The European Single Market creates the opportunity to develop cross-border regional cooperation in certain sectors. For Streeck, for example, 'regionalisation of Europe' is accompanied by 'Europeanisation of the regions' (Streeck 1995, 220).

In functional terms, the sectoral level plays an important role as the link between central (national) coordination and decentralised, company-level agreements (Marginson and Traxler 2005). Within a European multi-level system of collective bargaining coordination, macro- and meso- levels of political action reinforce and complement each other, with the latter providing some kind of 'leverage credibility' for the former (Dolvik 2000b). Under certain circumstances, national agreements on wages and social policy that have a macroeconomic scope can have a deflationary impact on prices as a result of the implicit effect they have on maintaining moderate levels of wages. In periods of weak economic growth and against a background of the stability-oriented monetary policy pursued by the ECB, the likelihood of a negative wage-price spiral being triggered by a wage policy based entirely on the criterion of national competitiveness is greater than the probability of inflationary trends. Effective instruments for combating one-sided developments and imbalances can be found above all at sectoral level, as it is here that in many cases macro-agreements are implemented. One fundamental problem when it comes to implementing agreements made by supra-ordinate negotiating units is the willingness of subordinate units to go along with such agreements. The degree to which so-called 'vertical' coordination can take place varies considerably amongst the industrial relations systems in the member states. As collective agreements ultimately have to be implemented at company level, the closeness of actors at sectoral level to the micro level in hierarchical terms means they are in a better position to coordinate and monitor company agreements than actors at the macro level. The effectiveness and efficiency of vertical coordination depend largely on the prevailing institutional conditions in the various systems of industrial relations.

In order to systematically analyse the interaction of coordination activities and instruments used by national and European actors in the field of social policy, basic theoretical hypotheses are developed as part of a comparative, sector-specific investigation and then examined for their plausibility. In so doing we take into account the different – frequently contradictory – perspectives, assumptions and conclusions of researchers into Community social policy. Three

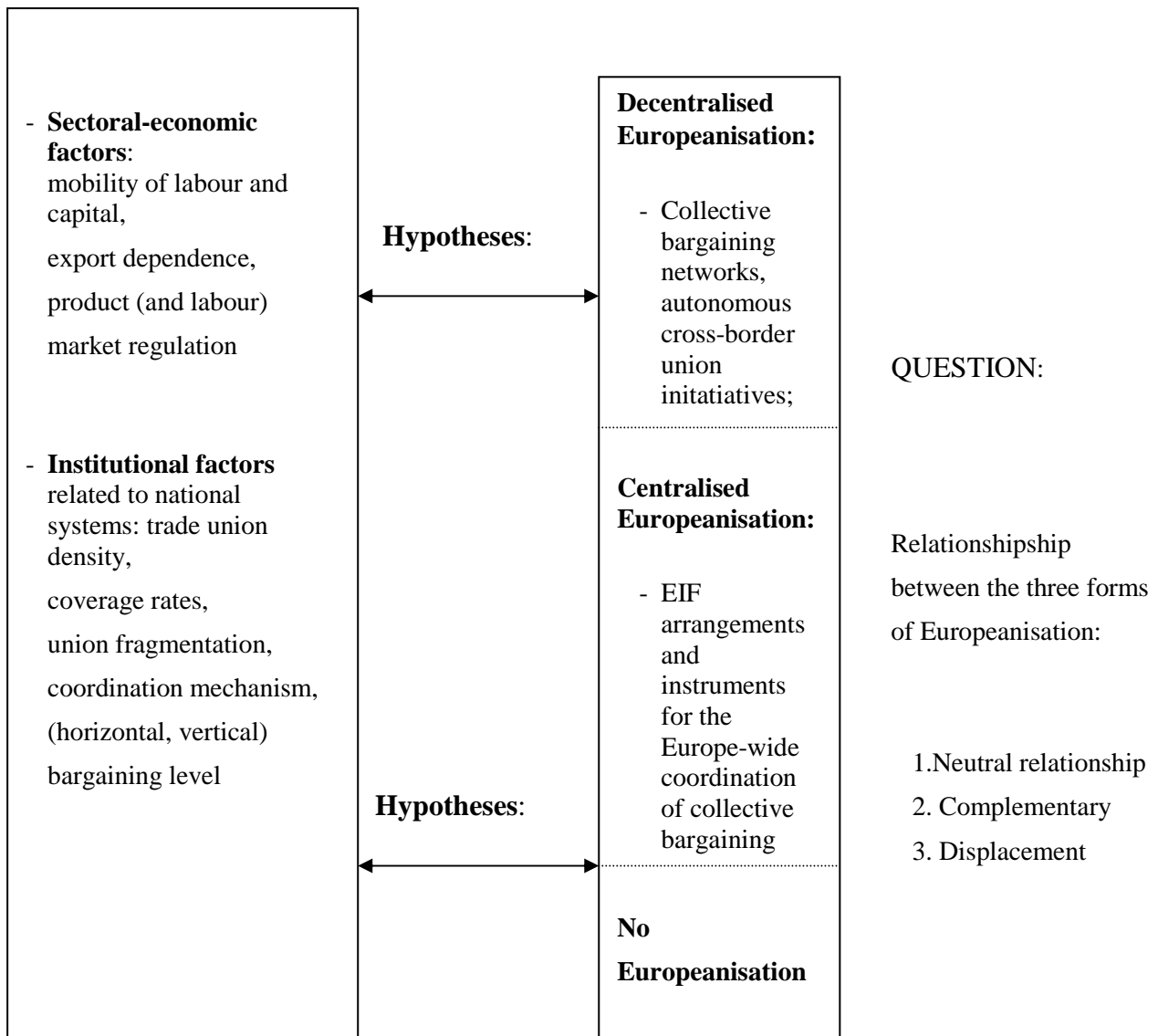
scenarios are drawn up from the point of view of the 'Europeanisation optimists' and the 'Europeanisation pessimists'. In the first scenario, decentralised and centralised forms of social policy coordination complement each other, whereas the two types of coordination in the second scenario compete with one another. In the third scenario, potential Europeanisation processes never get beyond their initial phase, or a trend towards renationalisation of social policy activities can be observed.

The theoretical part of this paper provides an overview of the various theoretical approaches on the basis of which the assumptions underpinning the *three scenarios* have been developed. The specific conditions that ideally prevail in the three scenarios provide a background for formulating *main hypotheses* that bring out the general connections between the four central explanatory factors and the three paths to Europeanisation (see Diagram 1). On the basis of this, further background theories regarding the detailed links between certain (sub) factors and/or certain situations and the corresponding Europeanisation options are developed.

The empirical section is devoted to describing the methodological approach taken for examining the hypotheses presented in section 4.1. The component parts of the hypotheses are initially transformed into operational definitions in order to make them susceptible to empirical analysis. The next step involves examining the hypothetical links between the operationalised phenomena on the basis of the empirical material. The results of the empirical analysis make it possible – taking into account the specific conditions prevailing in the Community – to assess the plausibility of the hypotheses that have been formulated and are presented in section 11.

Diagram 1:

Diagrammatic representation of the relationships and interaction of Europeanisation factors and variables:



I. THEORETICAL BACKGROUND

1. Europeanisation of industrial relations: the social dimension of the EU

The development of structures for collective industrial relations within the European Community during recent decades can by no stretch of the imagination be characterised as an evolutionary, gradual development in line with the neo-functional view. As the EU has to be regarded as a singular regional unit and cannot, on account of the scope and depth of its political and legal regulatory powers, be compared with other transnational policy regimes (e.g. ASEAN Free Trade Area, NAFTA or the planned FTAA – Free Trade Area of the Americas), the only way to assess the state of development of the social dimension is to take a linear view of the historical development of the Community. Given the progress achieved by the Community since its creation, in terms of procedural and material regulation of matters relating to social policy and labour law, it is difficult to deny that the EU has a ‘social dimension’. There is, however, little agreement as to whether this includes a European system of procedural regulations for collective industrial relations in general and collective bargaining in particular. Can one speak at all in terms of the existence of a Community-wide system for regulating industrial relations? As a starting point for the definition of the concept of ‘Europeanisation’ in the field of collective bargaining – we will first provide an overview of the particularities of the European system of multi-level governance in the field of industrial relations (cf. section 1.1). Subsequently, the state of development of the two main instruments within the framework of European industrial relations which are central to this analysis will be laid out in more detail: First, the coordination of collective bargaining policies on the sector level (cf. section 1.2), and, second, European social dialogue on the sector level which enables the social partners to conclude joint agreements in certain areas of work organisation, employment, training and health and safety (cf. section 1.3).

1.1 The Community multi-level system of social policy coordination and regulation

The dynamics of processes involved in the development of European social policy gave rise to the complex multi-level structure of the social policy subsystem. On the one hand, the European multi-level system of industrial relations developed against a background of rapidly accelerating internationalisation of markets in constant interaction with the political economies of other regions, above all the USA, and an international economic regime (the most important

institutions being the IMF, World Bank and the WTO). In the context of liberalisation of global financial and capital markets, the development of the politically 'created' European Single Market appears to be merely one small step within a worldwide trend. The combination of the global product market and the regionally confined political structures of the EU gives rise to a particular form of political multi-level economy that imposes certain restrictions on European policymakers. On the other hand, the EU decision-making system also offers new – as yet largely unused – possibilities for political governance.

H. W. Platzer (1998, 242) describes one of the elements of an '*European multi-level system of industrial relations*' as being a large degree of diversity of historically determined national labour relationships whose change is subject to a path-dependent development, a 'convergence' of national practices and orientation that are the result of adaptation to the legal/structural context of the Community, and the growing importance of transnational forums, institutions and actors in the field of labour policy (see also section 1.3). The legislative activities of the European Commission have a significant role to play in developing transnational networks of intermediary actors and new labour policy institutions such as, for example, European Works Councils.

A specific form of political control that the European multi-level system produced with the Treaty of Maastricht is the '*Open Method of Coordination*'. This leaves political decisions to be made at national level but subjects them to jointly agreed objectives and criteria. Assessment of political measures takes place within the framework of peer reviews based on voluntary cooperation between member states. Although monitoring and evaluation procedures are precisely laid down, this coordination mechanism does not provide for any sanctions. The European Employment Strategy was the first example of formal application of the Open Method of Coordination (Goetschy 1999). Member states provide the Commission with annual reports about the measures they have taken for achieving employment objectives. The Commission makes non-binding recommendations on how to attain objectives and, more recently has started to formulate guidelines and target agreements. The Open Method of Coordination is based on the principle of voluntarism and 'soft governance' (see section 1.5.2.2). Under Article 129 of the European Treaty, harmonisation of the regulations and laws of the member states is explicitly excluded. For this reason, the changed basis for powers and decision-making in the Maastricht Treaty involves 'a general paradigmatic change in the approach to European harmonisation and regulation towards greater proceduralisation and optionalisation rather than 'hard' materialisation' (Platzer 1998, 262).

The compatibility of a wide degree of national diversity means that the Open Method of Coordination offers the possibility of 'policy learning' through an exchange of information and

processes such as benchmarking, best practices and peer-reviews. While national governments are responsible for implementing political measures, they also sign up to binding goals and agreements. Despite a lack of any possibility of imposing sanctions, the pressure resulting from joint monitoring and control can ensure that member states do not pursue damaging 'beggar-my-neighbour'-strategies (Scharpf 2002). On the other hand it would be unrealistic to expect the Open Method of Coordination to pursue different political goals to those that are compatible with the Single Market and the European Monetary Union (cf. section 1.5.2). With the exception of the goal of gender equality, all the requirements and guidelines are related to the supply-side. Even the goal of 'social inclusion' proclaimed at the Lisbon Summit is supposed to be achieved via lifelong learning and improved levels of training and employability. The Open Method of Coordination creates the dilemma of the Community's limited scope for action in the field of social policy combined with the limited ability of nation states to exercise political control against a background of internationally integrated markets (Scharpf 2002). Despite the opportunity for policy learning within the framework of the Open Method of Coordination 'it remains true that the European Social Model that could best emerge from these learning processes can only be a model of 'competitive solidarity' (Scharpf 2002, 658).

Scharpf sees one of the possibilities of solving this dilemma in a mode of regulation based on differentiated framework directives agreed on by certain groups of countries in which industrial relations have comparable structures and similar market conditions prevail. Implementation, monitoring and evaluation of these differentiated agreements would be carried out by the Open Method of Coordination, which would enable institutional and economic differences between the member states to be taken into account and would ensure policy learning. However, the author stresses that the combination of differentiated framework directives with the Open Method of Coordination would require *binding* decisions by the Council and authorisation of the Commission to take action against infringements.

A more positive assessment of the ability of European multi-level regulation to solve problems in the field of social policy emerges if one looks at the new elements introduced by the Maastricht Treaty (1992), which allows for extending the principle of qualified majority voting to social policy issues. This makes it possible to avoid the kind of 'joint policy-making trap' (Scharpf 1985) whereby the EU organs mutually block each other (Falkner 2000). Formalised consultation of the social partners, combined with the possibility of a decision by the Council, at the request of the Commission, to raise a joint agreement by the European social partners to the level of a binding directive, has resulted in the establishment of a 'corporatist policy community' (Falkner 1998) at European level, within which the conditions for learning effects

are particularly favourable. In their search for compromises, the negotiating partners are themselves incorporated into the process of calculating their own interests. Involvement of the social partners in shaping European social policy made an important contribution towards overcoming the crisis of legitimation that the EU went through in the 1980s. However, more recent developments suggest few grounds for euphoria. The active role taken by the Commission in the corporatist policy community has slowed down integration processes ever since it largely withdrew from the legislative process within Social Dialogue (see section 1.3.1). After concluding a number of legislative projects that the Commission regarded as important (e.g. European Works Councils, workforce information and consultation in national companies) or which were uncontroversial from the point of view of the social partners (parental leave, part-time working and fixed-term contracts), the Commission has passed the initiative more to the social partners within the framework of the Open Method of Coordination. The potential threat represented by the Commission's draft directives to the employers, who, faced with the possibility of legally binding regulation, took up voluntary negotiations with the employees, has receded somewhat in recent years. Eastern enlargement of the EU has also increased the complexity of any differentiated multi-level regulation. Only time will tell whether this means the limits of the European multi-level system's ability to solve problems has been reached.

1.2 Sectoral coordination of collective agreements as a trade-union driven pattern of Europeanisation

One promising approach to coordination is for trade unions to take the initiative, as this fits best with the structural and political conditions prevailing in the system of industrial relations within the EU. The trade unions have the advantage that they are independent of the employers, who reject coordination activities. Thus the European umbrella organisation for employers, Business Europe, criticises agreements reached within the framework of European social dialogue as 'not minimum, but rather unnecessarily high maximum standards, the implementation of which involved heavy costs for companies' (Hornung-Draus 1998, 230).

From the perspective of the trade unions, the creation of collective bargaining networks can help avoid the structural disadvantages of European sectoral dialogues. Organisation of *employers* at sectoral level in Europe is relatively underdeveloped compared with trade union organisation. Associations simply do not exist in a certain sectors, and in others they are limited to strictly defined sub-sectors. Representativeness is therefore a particular problem at sectoral level. The negative attitude of European employers can also be seen in the lack of any mandate for sectoral industrial associations, which often are merely economic or trade

associations *without any powers related to social policy* (Dufresne 2002, Keller 1997). But even the obstacles located on the side of employee organisations can be avoided by adopting a joint approach to sectoral negotiations. Shared interests, similar market conditions and the geographical closeness of participants in interregional or transnational bargaining networks reduce the problem of national differences in trade union culture.

The metalworking sector has played a pioneering role in transnational sectoral coordination of collective bargaining. As early as 1997, on the initiative of the German IG Metall trade union – with the support of the European Metalworkers Federation (EMF) – an interregional network of various district organisations of IG Metall and metalworking trade unions in neighbouring countries (Netherlands, Belgium, Denmark, Poland, Czech Republic, Slovakia, Austria, Hungary etc.) was set up. The network's initial goals were: to send foreign observers to negotiations, to develop an information network and to improve trade union negotiators' knowledge of negotiating practice in the partner countries (Gollbach and Schulten 2000). The greatest progress was made in building up a transnational information and monitoring system: the Eucob@ Network set up in 2000 enables ex-post comparisons of negotiation results in virtually all EU member states to be made – and a year later it was extended to cover the textile sector as well.

Although there has been some expansion of such networks to cover other sectors (e.g. textiles, construction industry, chemicals) and regions, the key question is that of the coordinating role of the European sectoral associations concerned. A few of the European sectoral trade unions have agreed on 'wage formulas' to compensate for price rises and, to some extent, productivity improvements (e.g. textile/leather, construction/timber, chemicals, services), and implementation of these provides relatively large scope for national trade unions to act (Dufresne and Mermet 2002). The advantages of such a flexible arrangement however, are balanced by two crucial disadvantages. Firstly, implementation of non-binding agreements is often unsatisfactory, as there are no sanctions for any deviations from the standards laid down. Transnational inter-union coordination initiatives are characterised by a decentralised and voluntaristic mode of action (Marginson and Traxler 2005, Dufresne and Mermet 2002). Despite considerable differences between the approaches to bargaining coordination across sectors, the European industry federations (EIF) merely carry out a coordinating function and leave a large degree of autonomy to their national member organisations (EMF 2001a, EMF 2001b). This 'soft' coordination mechanism, which is characterised by a network structure rather than a strong hierarchy, is burdened with a lack of vertical coordination capacity (Traxler 1995). The problem of ensuring compliance of lower-rank members or member organisations that is inherent in union-led coordination initiatives,

can be summarised as follows: 'The (...) coordination rules and common standards adopted carry moral force only, and whilst benchmarking and peer review processes can reveal the extent to which implementation has been achieved across countries, they cannot enforce it' (Traxler and Marginson 2006, 6). The other problem is that the coordination standards of the national trade union negotiators leave relatively large room for interpretation, which can be a hindrance to standardised implementation, particularly when it comes to quality issues such as vocational further training and equality of opportunity. There are differences of opinion above all between the trade unions in the German speaking countries, which traditionally favour implementation of classical wage formulas, whereas pressure to take qualitative aspects into consideration comes from the French-Belgian trade union federations.

Furthermore it has emerged that institutional differences in national systems of industrial relations can be considerable, even in the networks set up between economically closely related neighbour states (such as Belgium and Germany) (Gollbach and Schulten 2000). This problem has been exacerbated by EU enlargement. Thus it can be expected that negotiation networks involving trade unions from the new member states will increasingly be faced with problems of coordination and implementation. One crucial element for the effectiveness of independent trade union coordination networks is improved vertical coordination between implementation at sectoral and at company level, as the vast majority of the new member states have decentralised, company-based systems of collective bargaining. An additional problem is the fact that even in countries with traditionally strong sectoral industrial relations – particularly Germany – a trend towards decentralisation of collective bargaining can be observed. It is therefore doubtful whether the German trade unions will be in a position to continue to play their central role in transnational coordination networks and to ensure the continued existence of effective joint negotiating.

Solution of the problem of coordination in an enlarged European Community can only lie in a dual approach to trade union coordination strategies based, on the one hand – in states with multi-employer bargaining systems – on closer incorporation of European sectoral trade unions and, on the other hand – in states with decentralised single-employer bargaining – on new collective actors (e.g. European Works Councils) and mechanisms. This includes, for example the setting of a 'going rate' agreed by the negotiating parties in major companies that sends out a signal to negotiating parties in other companies in the same sector (Traxler and Marginson 2006).

1.3 European social dialogues: from discussion to negotiation forums

The instrument of '*Social Dialogue*' involves the Commission promoting 'consultation of management and labour at Community level' by 'ensuring balanced support for the parties' (Article 138, ECT). The provisions of the Maastricht Treaty allow the social partners to conclude both sectoral and cross-sectoral agreements on social and employment policy at European level. Issues related to wage policy are excluded from regulation within the framework of social dialogues.

Together with the *European Employment Strategy*, social dialogues constitute a core element of European social and employment policy, which is based on the agreement on social policy incorporated in the Amsterdam Treaty. The two instruments differ both in terms of their procedural structure and also their output. The European employment strategy represents an intergovernmental method of control in which the relevant ministries (social affairs, economics and finance) assume the main role. At the request of the European Commission and following consultation with the European Parliament (EP), the Economic and Social Committee, the Committee of the Regions and the Employment Committee, they draw up guidelines that are then implemented by the relevant social policy actors in the member states. This is one reason why the joint employment policy therefore carries the signature of the national political decision-makers, because monitoring of implementation of the agreed guidelines is also a matter for the Council of Ministers, with the Commission only having a limited monitoring function as in the case of inadequate implementation of the guidelines (and following consultation with the Employment Committee), it may only make non-binding recommendations.

The negotiation methods of the *European Social Dialogue* (ESD) on the other hand, are more strongly characterised by supranational elements, as the European social partners have an important role in shaping them. The European social partners the Commission has recognised on the employee side consist of the European Trade Union Confederation (ETUC) and the European industrial trade unions that make up its membership, while the employers are represented by Business Europe (formerly UNICE – Union des Industries de la Communauté Européenne) and the umbrella organisation for public sector employers in Europe, CEEP (Centre Européen des entreprises à participation publique et des entreprises d'intérêt économique général).

Since the 1970s, structures have existed for joint discussion forums organised by the social partners at European level. In the Economic and Social Committee – a consultative body –

representatives of employers, employees and other stakeholder organisations represent their social and employment policy interests and formulate joint declarations. The Standing Committee on Employment (set up in 1972) brings together representatives of employers and employees, the Commission and the Council in order to encourage coordination of the member states' labour market policy. *Tripartite Conferences* with representatives of both sides of industry, Community institutions and member states' governments aimed to formulate joint social policy strategies, but produced no concrete results. No tripartite conferences have been held since 1978.

At a meeting with representatives of the ETUC, Business Europe and CEEP in the 1980s, the Commission under President Jacques Delors decided to relaunch the Social Dialogue, and this has since been referred to as the *Val Duchesse Process*, after the venue for the summit. The result of this was formalisation of the structures for social dialogue at *cross-sectoral* and for the first time, also *sectoral level*. The Single European Act (which came into force in 1987) states that the Commission 'shall endeavour to develop the dialogue between management and labour at European level which could, if the two sides consider it desirable, lead to relationships based on agreement'. The most important function of social dialogue is discussion and the drawing up of non-binding, joint declarations, although these tend to be formulated in very general terms. One of the perceived weaknesses from the trade union point of view is the lack of any obligation to implement any joint agreements.

Although the European social partners have held joint discussions since the beginning of the 1970s, one important innovation in the legal/institutional structures of the Community did make an important contribution towards institutionalising this instrument. The development took place in two steps. Firstly, with the Treaty of Maastricht (1992), the EU Treaty was modified to take into account planned Economic and Monetary Union. The aim was to strengthen the social dimension in order to extend the powers of the Community in the field of social policy parallel to the greater degree of integration in the economic dimension brought about by monetary union. Various political actors (usually closely associated with the trade unions) and the trade union associations themselves pressed for greater account to be taken of employees' interests in European policymaking. In an effort to enhance the legitimisation of what at the time was a controversial project – a single currency – decision-makers from a wide political spectrum took up the argument that the Community could only counter the enhanced dynamism of economic integration by extending its powers in the field of social policy.

The second innovation relevant to the issue at hand took place a few years later with the incorporation of the Agreement on Social Policy into the Treaty. Since then, the social partners

at European sectoral level, i.e. the European Industry Federations on the side of organised labour and the industry-specific employers' associations, have had a formal negotiating structure at their disposal for concluding joint agreements. The sections that follow will summarise the implications of these procedural innovations for the actual practice of European social dialogue at supra-sectoral and sectoral level.

1.3.1 The 'Decentralisation' and 'Autonomisation' of ESD: The European Social Dialogue on the sector-level

Although social dialogues between the social partners and sectoral level have been taking place since the 1960s – much longer than at supra-sectoral level – the status of this level of European industrial relations was only upgraded at the end of 1998 with renewal of the dialogue structures. The heterogeneous structures of the 'old' Val Duchesse dialogue were given a more standardised form through the possibility of setting up 'sectoral dialogue committees'. Joint 'representativeness criteria' aimed to achieve a more even distribution of the dialogue committees across the various sectors of industry have been adopted (EC 1998). However, developments so far indicate that the result was mainly a transfer of the old dialogue structures into the new structural framework. Thus the number of dialogue committees only increased marginally between 1999 and 2004, with only five sectors (shipbuilding, furniture, mining, leather and chemical industry) that did not previously have any representation setting up new dialogue committees (see Tab. 1). In the ensuing years from 2006 to 2008 committees for new sectors such as hospitals, steel, gas, catering and football have been established. However, social partner organisations from important industries such as automotive yet have to be formally recognised by the Commission.

Table 1 – Sectoral dialogue committees

Table 1 – Sectoral dialogue committees	<i>‘New’ dialogue structure (1998- 2008)</i>	<i>‘Old’ dialogue structure (1990-97)</i>		
<i>Sectors – year set up</i>	<i>Sectoral dialogue committee</i>	<i>Joint committees</i>	<i>Informal working group</i>	<i>Unstructured group</i>
1998-99:				
Agriculture- 1999	1	1		
Banking - 1999	1		1	
Cleaning - 1999	1		1	
Commerce - 1999	1		1	
Construction- 1999	1		1	
Footwear - 1999	1		1	
Hotel/Restaurant/ Catering- 1999	1		1	
Inland waterways - 1999	1	1		
Insurance- 1999	1		1	
Live performing arts - 1999	1			
Personal services -1999	1			
Postal Services - 1999	1	1		
Private security services- 1999	1		1	
Railways - 1999	1	1		
Road transport- 1999	1	1		
Sea fishing- 1999	1	1		
Sea transport - 1999	1	1		
Sugar - 1999	1			1
Telecommunications- 1999	1	1		
Textiles/clothing - 1999	1		1	
Total (1998-99/1990-97)	20	8	9	2
2000-04:				
Civil aviation- 2000	1	1		
Electricity - 2000	1			1
Temporary work agencies – 2000	1			
Woodworking - 2000	1			1
Furniture - 2001	1			
Tanning and Leather- 2001	1			
Mining - 2002	1			
Shipbuilding- 2003	1			
Local and regional governments - 2004	1			1
Audiovisual media - 2004	1			1
Chem. industry - 2004	1			
Total 1999-2004	31	9		6
2006-2008				
Hospitals -2006	1			
Steel - 2006	1			
Gas - 2007	1			
Contract catering – 2007	1			
Professional Football – 2008	1			
Total up to 2008	36			

	<i>‘New’ dialogue structure (1998- 2008)</i>	<i>‘Old’ dialogue structure (1990-97)</i>		
	<i>Sectoral dialogue committee</i>	<i>Joint committees</i>	<i>Informal working group</i>	<i>Unstructured group</i>
Formal request to set up a committee:				
Automotive industry – 2006	1			
Non-ferrous metals – 2007	1			
Cycling – 2008	1			
Sport – 2008	1			

Source: Keller/Bansbach, 2000; author's own additions according to European Commission, 2006 and 2008.

An examination of the dynamics of the development reveals a weakening of the initiatives following the first year of introduction of the possibility of setting up sectoral dialogue committees. In particular, no committees at all were established in 2005, and between 2006 and 2008 only a few sectors set up dialogue committees.

Apart from the number of sectoral committees set up, an assessment of the qualitative results of sectoral dialogues would seem to indicate that this particular regulatory instrument was only modestly successful. With the exception of the transport sector, no binding agreements have so far been reached between the social partners. Extension of the directive concerning certain aspects of the organisation of working time (93/104/EC) to cover various areas of the transport sector proved to be a lengthy and contentious process. Without the proposals for directives from the Commission, agreement would not have been reached by the social partners in any cases. The earliest decision to implement an agreement in the form of a directive came in 1999, with the agreement on provisions in respect of seafarers' hours of work on board ships registered in the territory of any member state (1999/63/EC). Another proposed directive, the so-called 'horizontal directive', which provided for extension of working time regulation to other groups of employees in the transport sector and also to trainee doctors, was passed on to an arbitration committee and revised after the Council failed to reach agreement. Finally, in 2000, a directive (2000/34/EC) was passed that regulated the working times for trainee doctors, mobile workers in the aviation and road transport sector and also deep sea fishermen. Further directives based on several recommendations made by the Commission were passed in 2000 (aircraft crews, (2000/79/EC) and 2002 (mobile employees in road transport, with temporary exclusion of self-employed lorry drivers, (2002/15/EC), see Tab. 2).

It should be noted that there is a slight variation in the function of directives between the inter-professional and the sectoral level. The regulatory power of Council directives at inter-sectoral

level is greater than those at sectoral level. Whereas Council directives at inter-sectoral level are considered to be an instrument for European-wide harmonisation of the member states' legal frameworks, implementation of social partner agreements at European sectoral level through Council decisions tends to aim at ensuring implementation of Community provisions in accordance with the specific needs of the sector. Therefore Council decisions at sectoral level implicitly generate a more flexible and decentralised mechanism for implementing Community provisions at national level.

Table 2 – Results of sectoral social dialogues in the transport sector since 1998:

<i>Extension of working time directive (93/104/EC 1998) to other areas within the transport sector:</i>			
<i>Four Commission proposals :</i>			
1) ‘horizontal’ directive: Extension to the following sectoral areas hitherto excluded by the provisions of the directive:	2) Proposal on working time regulations for specific sectors in the directive^a	3) Proposal for implementing the Agreement for	4) Proposal on working time directive for
<ul style="list-style-type: none"> - ‘non-mobile’ employees in road and air transport, inland waterway transport, sea transport, sea fishing; - doctors in training - and basic protection for ‘mobile’ employees in the transport sector 	<ul style="list-style-type: none"> - ‘mobile’ employees in road transport and self-employed truck drivers - aircraft crews 	- employees in the maritime transport sector	- employees working on <i>ships</i> (e.g. <i>sailors</i>),that put into Community ports
<i>Implementation of the proposals:</i>			
<p>As Council approval was not forthcoming, despite suggested amendments by the EP, the proposal was referred to an arbitration committee for revision. In 2000 the committee agreed on the following proposals:</p> <ul style="list-style-type: none"> - Transition periods and exceptions for organisation of working time of <i>doctors in training</i> - Restrictions on working time regulations for <i>mobile employees</i> in the air, road and inland waterway transport sectors that provide for certain basic protection measures (e.g. rest periods). - Basic working time regulations for <i>sea fishermen</i> <p>Proposals passed as a directive in June 2000 (2000/34/EC)</p>	<p>No approval in Council of Ministers in 1999 for regulations relating to <i>mobile workers in road transport</i>:</p> <p>New proposals by Commission that provide for exclusion of <i>self-employed truck drivers</i> from working time provisions for a <i>period of 2 years</i>; Agreement in Council of Ministers in Dec. 2000, Directive passed in March 2002 (2002/15/EC)</p> <p>For employees forming part of <i>aircraft crews</i>, agreements on working time reached by the sectoral social partners were passed as a directive in November 2000 (2000/79/EC)</p>	Directive passed in June 1999 (1999/63/EC)	Directive passed in April 1998 (amending Directive 95/21/EC) (98/25/EC)

^a adequate rest periods, annual leave, limits to annual working time, health checks

Source: Keller/Bansbach, 2000; some additions according to Broughton, 2000; EC, 2003;

With regard to the qualitative aspects of social dialogue texts, one has to distinguish between the two functions of European social dialogues (Pochet et al. 2006). First, from its outset social dialogues have been considered as a means of consultation of the social partners by European political actors. Originally, European Social Policy was shaped by the Commission's proposals for directives regulating important areas such as social protection, health and safety, co-determination and equal opportunities. With the stagnation of the regulatory process in the 1980ies, the Commission aimed at re-activating European social dialogues. At the summit of Val Duchesse the Commission's president Jacques Delors and the European social partners (UNICE, ETUC and CEEP) agreed on a new start of European social dialogues with the strengthening of 'autonomous' social partner negotiations and the formalisation of dialogue structures on both the inter-sectoral and the sectoral level¹. The increased autonomy of the European social partners is indicated by the growing importance of joint work programmes and 'new generation' texts that incorporate follow-up procedures and recommendations of the European social partners for their members on the national level (EC 2004a). The *Agreement on Tele-work* (2002) signed by the social partners in the *commercial sector* has played an important role for the development of voluntaristic industrial relations at European level (Streeck 1995). Following the collapse of negotiations at supra-sectoral level, it was the wish of the negotiating partners that the regulation should be covered for the inter-sectoral level by a draft directive from the Commission. The social partners in the rail transport sector had similar hopes when they reached agreement on Europe-wide, standardised certification of locomotive drivers and sector-specific minimum standards. The regulations are supposed to be taken into account proposals by the Commission for statutory regulation of certification of train drivers (EC 2003). Other examples for 'voluntary' autonomous agreements are the agreement on stress at work (2004) and the European licence for drivers carrying out cross-border operations (2004). So far, the hopes of the sectoral social partners have not been fulfilled, as the Commission – as part of the 'Open Method of Coordination' that it is encouraging – has withdrawn from the legislative process (see section 1.5.2.2).

However, in view of the results of the European social dialogues, the negotiation function is comparably weak. With the exception of the extension of the directive on the organisation of working time to different sub-branches and employee groups in the transport sector (cf. table 2) and the recently negotiated inter-sectoral agreement on Workers Health Protection through the good handling and use of crystalline silica (2006), social partner agreements concluded on

¹ The Single European Act (1997) providing for the adaptations required for the implementation of the Internal Market promotes the development of the dialogue between the social partners on the European level, and 'should management and labour so desire, the dialogue between them at Community level may lead to contractual relations, including agreements' (Article 118b).

the sector level have been a very rare phenomenon.

In terms of the differentiation between centralised and decentralised forms of Europeanisation, what is crucial is that a clear differentiation should be made between the sectoral dialogue and coordination strategies pursued by the EIFs, which are implemented by their national member organisations. Centralised coordination strategies incorporate instruments for orientation, concertation and coordination of national collective bargaining negotiations, while the European sectoral dialogues cannot be denied their potential function for achieving harmonised regulation. As far as the results and agreements of sectoral social dialogues are concerned, there exists, in principle, the possibility of passing a framework agreement in the form of a directive – although this seldom happens in practice, or at least comes with many preconditions.

1.4 Defining the concept of ‘Europeanisation’ - centralised and decentralised patterns

How can one analytically conceptualise the phenomenon of ‘Europeanisation’, given that the meaning of the term varies so much? Firstly, the term implies adaptation/integration processes between the various systems of industrial relations within the EU member states. This means that at the level of empirical analysis, it should be possible to identify patterns of convergence in the development of national systems. The second characteristic of Europeanisation processes is the fact that developmental trends within the member states of the Community should be different from those in states outside the EU. One basic deficit that can be identified in studies of this area is the lack of any link between comparative research into labour relationships with research into political integration (cf. the criticism expressed by Ebbinghaus and Visser 2000), which would make it much easier to define more precisely the phenomenon under investigation. A gradualist concept of Europeanisation of industrial relations offers the advantage of revealing relevant ‘Europeanisation processes’ both empirically and analytically (cf. Platzer 1998).

Europeanisation/transnationalisation processes in *their early stages* can, for example, be identified using indicators that reveal processes resulting from a change in value-orientation and patterns of behaviour of national social policy actors caused by the specifically European-transnational dynamic relationshipship. Empirically observable phenomena in this case are cross-border networks of formal and informal communication, cooperation and coordination. During the *course of the integration process* these structures developed into transnational arenas for social, employment and collective bargaining policymaking that differ from *other*

international communication structures in the field of *industrial relations*. Only when the transnational arenas 'permanently influence, change and in important areas complement or even to some extent replace national industrial relations can one say that a genuine system of 'European collective labour relationships (...) exists' (Platzter 1998, 242).

As a central focus of actors under the current system of European social policymaking is on the national level, the question arises whether the existing regulatory framework of social policy in the EU offers any potential for the development of a system of European industrial relations. One promising way of avoiding the teleological misconception of (neo)-functionalist integration theories that assume finality of the integration process is to refer to the widely used concept (described in section 1.1) concept of the '*European multi-level system*'.

This conceptual and analytical approach to Europeanisation that is both evolutionary and has clearly delineated development phases forms the basis for *operationalisation* of the *Europeanisation process* as a dependent variable. In order to avoid an over-complex analysis, this paper focuses on examining *two patterns of Europeanisation*. On the one hand, we differentiate between the *decentralised* pattern of Europeanisation based on adaptation of national trade union associations as members of European (cross-sectoral and sectoral) umbrella organisations. The strategies pursued by these collective actors normally follow national or sectoral interests or those of specific groups of employees. In order to achieve transnational coordination, the trade unions must themselves relinquish their claim to represent workers within one nation state and extend their activities to cover new, transnational interests. The aim of decentralised coordination initiatives is to achieve coordination of national regulations. On the other hand, the *centralised* pattern of Europeanisation is much more strongly shaped by the legal/institutional framework created by the Community. The active actors in this case are the European social partners, i.e. the European umbrella organisations for employers and employees and also, to a great extent, the European institutions such as the Commission and the Council. The most important characteristic of a centralised Europeanisation is the implicit *top-down* approach to regulation with the aim of achieving Europe-wide *harmonisation* of social policy regulations.

As the forces and effects involved in the European multi-level system do not follow a straightforward, hierarchical pattern, but rather overlap and mutually reinforce one another, both top-down and bottom-up effects take place within the centralised and decentralised patterns of coordination, and these can trigger political learning processes both amongst the political elite and the grassroots (see section 1.2).

Due to the lack of a genuine supra-national regulatory authority the nation states are still of most relevance within the European multi-level system of governance when it comes to determine wages and working conditions. The national collective bargaining systems or not only subject to the forces of market integration but also influenced – in the form of ‘top-down effects’ – by the regulatory initiatives of the European institutions and social partners. Likewise, the decisions of national and sub-national social political actors feed back to supra-national interest organisations and community institutions. Thus, linkages of interaction are multi-directional and also appear in the form of bottom-up effects. In the following two sections the most relevant top-down effects originating in the initiatives of European-level actors which affect the arenas of action of national social partners will be presented in more detail. Secondly, possible spheres of influence of national regulation or coordination on supra-national political structures and actors should be addressed.

1.4.1 The centralised pattern: Top-down effects in the European multi-level system

In principle, the ‘European’ framework of industrial relations rests upon two dimensions, first, the structural-institutional setting and secondly, the ‘espace social’ or the arena of action of European and national political and societal actors. Both dimensions are inter-dependent and influence and complement each other. The process of Europeanisation is not gradual but highly dynamic whereby phases of stagnation are succeeded by impacts that give new impetus to further integration. In most of the cases, changes in the structural-institutional framework are the outcome of top-down decision by European political actors. For instance, the new framework for European social dialogue that aims at fostering decentral, autonomous dialogue on the both the inter-professional and the sectoral level and legislative initiatives of the Commission such as the European Works Council directive or the employment directives adopted under the Maastricht principles, such as the framework agreements on parental leave (1995), part-time work (1997) and fixed-term work (1999) (cf. section 1.1). The developments in the broader field of social policy and labour relationships have not been without influence on collective bargaining, per definition a domain of competence of national social partners. However, the ETUC and some EIF embarked on a European-wide approach to collective bargaining, employing common guidelines and principles to orchestrate collective bargaining in their member countries. Although some of these formal guidelines and procedures are strongly influenced by certain powerful member organisations, these coordination instruments are the result of ‘top-down’ decisions of the European peak organisations of labour.

A typical feature of top-down processes is their relatedness to decisions and developments of the European policy institutions. European social partner organisations of labour often responded to EU regulatory initiatives when adopting certain policy guidelines and principles. One of the most active Industry Federations in this respect is the European Metalworkers' Federation (EMF), the first European social partner organisations that adopted common guidelines for the cross-border coordination of collective bargaining. With its 'European Coordination Rule' the EMF responded to the changed conditions for collective bargaining and the importance of coordinated wage policies against the background of the EMU and the EBC's monetary policy shaped by the overriding principle of price stability. The ETUC mainly followed the EMF approach when defining common criteria for collective bargaining in its resolution at the Congress in Helsinki (ETUC 1999). The common norm proposed by the ETUC combines quantitative wage goals such as the off-set of the consumer price increase and the participation in productivity gains to the largest possible extent as well as improvements of qualitative aspects of employment such as training and equal pay (Mermet 2002). With regard to collective bargaining on the transnational level, the EMF set up an 'internal procedure' for negotiations on the level of MNC as a (late) response to the growing importance of European Works Councils (EMF 2006). Likewise, the 1st EMF Common Demand on Training adopted in 2004 specifies a step-by-step procedure for the implementation of goals in vocational training (EMF 2004). The elements of top-down Europeanisation of collective bargaining are exemplified by the EMF's approach to the transnationalisation of collective bargaining policies which is addressed in more detail in section 3.3.1.

From a theoretical perspective, top-down processes of Europeanisation are the result of a multiplicity of *spill-over effects*² (Falkner 1998). Such effects are arising on both the vertical and the horizontal level. The '*vertical dimension*' of spill-over effects refers to lines of influence between European policy-making institutions such as the European Commission and the European social partners on the one hand, and the European and the national social partners on the other hand. The vertical relationship between the three sets of actors is described as follows: Policy-making institutions set the legal-institutional framework together with the

² The concept of 'spill-over' processes is central in the *neo-functional* theory approach and is based on the notion of the inter-linkage and inter-dependence, or '*engrenage*', of different policy fields (cf. Schmitter, 1969, Lindberg and Scheingold 1970). In contrast to the neo-functional integration theory of the 1950 (cf. Haas 1958), a gradualistic automatism of the integration process towards a political union is rejected by proponents of the 'revised' neo-functionalism (Lindberg and Scheingold 1970, Schmitter 1970, Nye 1971). Rather, the process of integration is driven by functional and normative pressures and is conceived as an actors-driven process (Schmitter 1969).

European social partners which however have a less active and rather consultative role in the norm-setting process. However, with regard to the implementation and adoption of European legal norms the social partner organisations on both the European and national level are of particular relevance. The '*horizontal*' dimension of spill-over effects refers to the inter-linkage of various policy fields such as monetary, financial, economic and social policy as well the inter-dependence of policies in different industrial sectors. The EMU is without doubt one of the most important sources for spill over effects between policy areas (Marginson and Sisson 1998, Schulten 1998, Dolvik 2000). But also EU initiatives aiming at the regulation of product markets such as the REACH regulation on the handling of tradable chemicals (2004) triggered off deliberations and negotiations among social partner in various branches of the chemical sector (cf. section 10.2.5).

The inter-dependence of various policy fields enables political actors to strike package-deals or log-rolls in a corporatist pattern of decision-making and thus to produce spill-over effects between different policy fields. However, the number of potential issues of overriding relevance which prompt the social partners to overcome their differing interest positions is limited. For instance, with the conclusion of the European framework agreements on parental leave, part-time work and fixed-term work the 'negotiated legislation' (Falkner 2003) approach of the Commission on the issue of 'atypical employment' came to a halt. Since then the European Commission withdrew from the legislative process and instead promoted the conclusion of 'autonomous' social partner agreements.

Another typical element of top-down processes of Europeanisation is the inherent goal of *harmonisation* of national minimum standards in certain issues of social and labour market policy. The regulatory initiatives of the Commission with regard to European Works Councils and employee participation and consultation in MNC as well as the European framework agreements on several employment related topics (parental-leave, part-time and fixed-term work) are clearly driven by the Commissions aim to set a bottom-line for European labour standards in decisive areas. The same holds true for the Commissions aim to establish common procedures for the negotiation of European agreements and as well as for the implementation of texts produced in the framework of European social dialogue. However, the promotion of 'follow-up procedures' and 'work programmes' by the Commission (EC 2004) which should be negotiated by the European social partners of the sector level are merely recommendations and do not represent procedural rules in the strict sense (cf. section 1.1.1). Thus, the outcomes of European sectoral social dialogue vary largely between sectors both in quantitative and qualitative terms. What is more important is the Commission's top-down influence in setting standards for the recognition of social partner organisations through

'criteria of representativeness' which are applied to sectoral trade unions and employer associations. The procedure for the recognition of social partner organisations in the European social dialogue is burdened with the one of the typical shortcomings of top-down policy processes, i.e. the inherent democracy-deficit, and the lack of taking specific socio-economic conditions in the member states into consideration. However, the Commission's representativeness criteria are – at least indirectly – influencing the decisions of European social partner organisations with regard to the affiliation of new national members. Thus, the establishment of common criteria for the representativeness of social partner organisations can be considered as top-down process that directly or indirectly affects decision-making of European and national social political actors.

1.4.2 The decentralised pattern: Bottom-up effects in the European multi-level system

Although the innovations that have been introduced with the Maastricht Treaty (1992) such as the principle of 'qualified majority voting' for Council decisions in a range of issues, the new structure for European social dialogue on the sector level, the establishment of procedures for European social partners to conclude autonomous agreements and the increased consultative role of the European social partners were undoubtedly the result of top-down processes, their importance and effectiveness clearly diminished over the years. With the adoption of the Lisbon Agenda (2000) the elements of a 'corporatist policy community' (Falkner 1998) that is based on a tripartite pattern of decision-making whereby the 'state' actor takes on a strong role in agenda-setting and initiating negotiations receded into the background with the withdrawal of the Commission from the European regulatory process in the field of social policy. However, the question whether the European social partners are moving to a 'bipartite corporatist pattern' (Falkner 2003) with the increased focus on social partner autonomy in the European social dialogue is addressed in the qualitative analysis.

The Lisbon Agenda strongly focuses on the goals of increasing employment and competitiveness which should be best reached through the 'open method of coordination' (OMC) (EC 2005, EC 2008). The OMC is a governing mode which rests upon the voluntary co-operation of national social partners whereby joint European goals and guidelines are implemented by national social policy actors and institutions (cf. De la Porte/Pochet 2002). Social policy measures are identified and implemented via mechanisms of 'best practice' and 'peer pressure' (Kok 2004). Moreover, as a voluntary mechanism of European coordination the OMC fosters 'a shared vision of social challenges' among member states and 'a willingness to cooperate and learn from each other's practices' (EC 2008b, 16).

Thus, the OMC which assigns a decisive role to the national social partners strongly incorporates and promotes the principle of subsidiarity. Contrastingly to the rather optimistic assessment of the OMC by the Commission, this brings about the question whether the OMC in the current EU social policy arrangement brings about a re-nationalization of industrial relations. In line with this argument some observers state that social dialogue has been 'redirected away from the EU intersectoral and sectoral levels towards decentralisation at the national level' (Gold et al. 2007, 12). However, one implication of the OMC as the most important governing mechanism in the EU social policy is the increased emergence of bottom-up processes. Thus, Europeanisation of industrial relations and collective bargaining is largely driven by the actions of national social partner organisations.

From a 'Euro realist' perspective 'which recognised the modesty of achievements in European social regulation but without dismissing these as insignificant (Hyman 2001, 290) the process of Europeanisation of industrial relations is to a large extent driven by the European social partners' national affiliates. The notion of the Europeanisation of industrial relations as an actors-driven process that involves instruments such as benchmarking, best practice and peer review is also taken up by the Commission and often referred to as 'horizontal Europeanisation' (EC 2004b). However cross-border co-operation of national unions as well as the adoption of benchmarking and 'good practice' as instruments of a decentralised approach to the transnationalisation of collective bargaining is still perceived as a 'learning experience' by the involved actors (cf. section 3.2). Therefore, the crucial question which has to be addressed in the qualitative analysis is that of the perceived gains, benefits and the future potential of voluntary cross-border cooperation between trade union actors from different countries.

1.5 Three routes towards Europeanisation

Since research into European integration first started, two opposing camps have developed in the literature on European social policy and European industrial relations. Whereas right up to the 1980s it was possible to organise the various views of the process of European integration into two clear theoretical approaches, since the European Single Market, with its legal basis in the form of the Single European Act (1987), a large number of researchers have concerned themselves with a wide range of different aspects of European integration. The aim of this paper is, however, to analyse one clearly circumscribed aspect, namely transnationalisation of wage and social policy within the EU. This being the case, a return to the basic theoretical perspectives of integration research in the field of political science can enable us to achieve a

better understanding of the contrasting lines of argumentation adopted by proponents of the two approaches. Any comparative analysis of patterns of Europeanisation and the underlying conditions for their use assumes that it is possible to compare the relationships postulated in the hypotheses. In order to adhere as far as possible to this premise, we refer above all to those elements that the theoretical approaches have in common. As, however, both lines of theory focus on particular aspects, are based on differing assumptions and result in divergent conclusions, we will start by providing a basic description of them.

1.5.1. The ‘Euro-optimist’ scenario: development of a European system of industrial relations

For some observers, development of the ‘social dimensions’ of the EU in recent years provides grounds for optimism. After years of Euro-scepticism and functional deficits in the Community's political system which can be summed up by the term ‘Euro-sclerosis’, the mid 1990s saw a new departure in European social policy. The extra impetus to market integration amongst member states provided by the plan for Monetary Union and the prospect of enlargement to Eastern and Central Europe called for an approach to coordination that took account of growing differences in socio-economic conditions in the member states and at the same time ensured certain standards in social and labour market policy. The Social Agreement (1991) is considered as the major innovation in EU social policy. It provided for a recognised role for the European social partners in the legislative process: The Commission has to consult both sides of industry twice before submitting proposals in the field of social policy. Moreover, the social partners gained authority to enter into autonomous bi-partite negotiations that block the legal process for the duration of 9 months. A second innovation was the extension of the principle of qualified majority voting to issues beyond health and safety to areas such as working conditions, worker information and consultation or gender equality with regard to labour market opportunities³. Thus, the inherent danger of individual EU decision-making bodies being blocked – the ‘joint policy-making trap’ (Scharpf 1985) – became a thing of the past.

With hindsight, the 1990s proved as a highly dynamic period for EU social policy both in

³ However, important issues such as wages, the right to strike and the right to association are explicitly excluded from Community competencies. These fundamental shortcomings of the EU social dimension are often referred to by adherents of a more pessimistic view on the development of a European system of industrial relations (cf. Streeck 1998).

qualitative and in quantitative terms. The social policy innovations in the early 1990s laid the foundations for a governing mechanism which incorporates elements of a 'corporatist pattern' of decision-making (Falkner 1998, Scharpf 1998). In the first years after the adoption of the Social Agreement framework conditions have been conducive to compromise and political exchange. For instance, the conclusion of the parental leave and part-time agreements which are labelled as 'negotiated legislation' (Falkner 2003) was carried out 'under the shadow of the law'. The Commission's credible threat to legislate in case of failure of negotiations set an incentive for employers to enter into dialogue with the trade unions' side and to their 'natural' interest in avoiding collective agreements on the European level. Secondly, the issue has been considered as being of Europe-wide relevance and appropriate for social partner negotiations. Thirdly, 'self-interested industrial relations considerations' of both European social partner organisations (Falkner 2003, 19) have been a driving force to prove the functioning of the existing European industrial relationship arrangements and to further contribute to the emergence of such a system by further strengthening it. This normative process of 'preference formation' among the social partners goes beyond power configurations and perceived economic and political interests as the determinants for political exchange and constitutes a genuine driving force in the emergence of a corporatist political community (Falkner 1998)⁴.

In the years following the adoption of the Treaties of Amsterdam and Nice, the 'Open Method of Co-ordination', which originated under the Portuguese presidency in 2000, was supposed to be a further step towards enhancing the Community's ability to take action. The structural elements of the Open Method of Coordination involve 'non-binding common objectives, coupled with a surveillance procedure, to progressively establish a European level framework for analysis and action' (de la Porte and Pochet 2002, 12). The authors come to the following conclusion: 'OMC [open method of co-ordination] represents a new form of regulation that is softer than the classical legalistic approach, but is more than a simple non-binding recommendation or a political declaration' (de la Porte and Pochet 2002, *ibid.*). Similar to the corporatist processes of decision-making that provide an 'option for intersubjective learning and of the development of internal norms (such as, e.g. social dialogue) at the European level'

⁴ In contrast to a purely 'rationalist' approach to European integration, interactions between social partners bring about the 'social construction of rationality' which shapes their motives and actions. Political theories on European integration can be related to the sociological theory of 'social constructivism' (Berger and Luckmann 1986) according to that 'social reality' is constructed through social interaction between organisational and individual social actors. Since the process of European integration is strongly actors-driven, these related theory approaches provide a valuable framework for analysis.

(Falkner 1998, 204), 'political learning' emerges also from the interaction pattern (e.g. best practice, benchmarking) inherent in the OMC. Thus, these 'horizontal' or 'decentral' patterns of Europeanisation which strengthen the autonomy and competences of social partners change the nature of 'political dynamics' as they are, first, 'no longer purely state-centric and, second, no longer unilaterally favouring national responses' driven by national interests (Falkner 1998, *ibid*). What remains to be proved within the framework of the qualitative analysis is the factual and perceived independence of European social partners from the initiating, moderating and monitoring function of a 'state' actor, i.e. the European Commission, in European social dialogue.

1.5.2 The Euro-pessimist scenario: neo-voluntarism and negative integration in the EU as the implications of the power gap between capital and labour

In this section, a coherent argument in favour of consolidation and stabilisation of the priority given to national powers in the field of labour market and employment policy is described. The implications for the integration process in the field of social policy are examined using concepts drawn from *Staatstheorie* and organisational sociology, both of which emphasise opposing class interests and positions of power that are linked to diverging organisational problems/strategies and communication patterns and flow into the structure of political decision-making processes. The aim of this description is to establish a theoretical basis for the conditions underlying the behaviour of social policymakers at national and transnational level within the Euro-pessimist scenario. There are three main influencing factors: firstly the exogenic factor of liberalisation and geographical opening of the markets for capital, finance, goods and services; secondly the power imbalance between labour and capital; and thirdly, the specific political structure of the EU – including the Economic Community – which is partly determined by this and contributes to a further shift of power between the organised interests of the actors in favour of labour.

1.5.2.1 The predominance of supranational legislation – asymmetry between economic and political integration

At the latest since the Treaties of Rome (1957) setting up the European Economic Community, the primacy of the market over political union has been established as the main principle determining the European integration process. The political/economic consequences of this institutional asymmetry can be described in terms of the dualism of '*positive*' integration,

i.e. aimed at correcting the market, and '*negative*' integration, i.e. aimed at creating a market.⁵ The predominance of *supranational Community legislation* aimed at removing all legal barriers to trade results in a virtually unproblematic expansion of *negative integration*. While laws and regulations removing obstacles to competition are incontestable, any measures limiting the market mechanism require the explicit approval of the Council of European Ministers. Although since the Single European Act was passed (1987) the principle of qualified majority voting has speeded up decision-making processes, the interests of individual member states still predominate, as these processes take place mainly on an intergovernmental basis.

Conflicts of interest between economically more developed member states and less developed ones occur above all with regard to the regulations that do not affect the quality of final products but rather *production processes and conditions*. Binding social, environmental and safety standards can trigger resistance in states with low productivity and factor costs, whereas states whose competitive advantage consists of superior quality rather than low production and labour costs, prefer stricter regulations or retention of their high national standards (Scharpf 1996). The implications of the asymmetry between economic and political integration for European social policy are difficult to assess. Although the Treaty of Maastricht (1992) extended the principle of *qualified majority voting* to areas such as employee protection, employee safety, co-determination and equality of opportunity (Article 137 European Treaty), basic powers in the fields of social and labour market policy remain in the hands of the member states.

The predominance of the intergovernmental mode of governance is also expressed in the *principle of subsidiarity* which is explicitly incorporated into the Single European Act and gains the status of a basic principle within the Treaty⁶. However, with regard to the division of powers between the Community and the member states in the field of social policy, the principle of subsidiarity, borrowed from German constitutional law, does *not* contribute to a more precise delineation of political responsibilities. As in the case of the German *Basic Law*, which is committed to the principle of federalism, the Community powers are based on goals

⁵ Tinbergen, Jan (1965), *International economic integration*, Amsterdam: Elsevier.

⁶ In the development of Community law, the principle of subsidiarity appears for the first time in Article 130 section 4 of the Single European Act. Its status was further strengthened by being explicitly incorporated into Article 5 of the European Treaty. However, the Treaty does not provide a precise definition of the principle of subsidiarity, which originated in the German Basic Law and was transferred into European law. Reference to the meaning of the term as defined in German constitutional law, which is based specifically on the principle of federalism, is unhelpful for the situation of the European Community.

that reveal different types of emphasis during the course of the integration process (cf. Zach 2001). Targeted distribution of responsibilities between supra-state institutions and member states results in an area of Community legal powers that cannot be defined from the outset. In terms of responsibilities in the field of social policy, the dynamics of the integration process and the variability of the Community's goals mean that it is not entirely clear whether the principle of subsidiarity is applicable in the case of exclusive Community powers or only in the case of competing powers.

Employee protection (Article 137 section. 5 European Treaty) is not an area for which the European Union has exclusive powers, as it is possible for member states to introduce stronger protection measures. In other words, the exclusive powers of the Community in the field of social policy only apply to the setting of *minimum standards*. The priority given to market integration still has an impact on the current Community treaties, as ensuring the four basic freedoms was not significantly changed, unlike other aims, and has remained the overriding goal of the Community during its entire development⁷. Thus, for example, Scharpf points out that the far-reaching decision to introduce the principle of majority voting to areas such as environmental, health and consumer protection has not contributed to positive integration. Specifically those requirements contained in the Treaty that provide for harmonisation of regulations (such as Article 100 European Treaty) are based on protection measures related directly to the common market.

The treaties of Maastricht and Amsterdam added further areas of application to the principle of subsidiarity, with functional or sub-national units also being allocated powers. Thus Articles 137 and 139 of the Treaty support the involvement of the social partners at all levels. The national social partners have a key role in implementing joint social policy measures, with supranational institutions at best only being responsible for coordinating nationally implemented agreements in the form of minimum standards. The principle of non-intervention in national industrial relations blocks any harmonisation of social policy. Thus the functionality and political output of national systems are extended to the upper, European level (cf. Streeck 1998, 13). Decisions by the European Court of Justice also tend to work against harmonisation of social policy, as they tend to increase the powers of the member states, especially in the case of competing responsibilities (cf. Zauner 2001; Scharpf 1996).

⁷ Thus in the European Economic Community (EEC) any harmonisation of social policy regulations that went beyond ensuring free movement of labour was only possible via the so-called subsidiary competence standards of the EEC Treaty, for example Article 235 EEC, which allows the Community to take action to achieve 'one of the objectives of the Community' in cases in which the Treaty has not provided the necessary powers.

1.5.2.2 Neo-voluntarism and soft regulation as the predominant style of governance in European social policy

The orientation of the European Community in the original treaties towards a common economic and market project merely transfers a well-known dilemma amongst liberal democracies onto the transnational level – in an amplified form. Even at the level of the national state there is a contradiction between creating an economic order aimed at ensuring efficient functioning of market forces and a social system aimed at minimising the negative impact of market mechanisms and thus legitimising political decisions. The predominance, described above, of supranational competition law means that the current form of the Community – European Economic and Monetary Union – is still far from being an all-embracing political union. But it is not just the negative integration mechanism contained in the legal/institutional system of the EU that limits the scope for national governments to take action. The weakness of the social dimension is due above all to the basic asymmetry of power between capital and labour. That is why – as observed, for example, by Streeck – policy analyses of the European social dimension are inadequate if they exclude the power structures within the systems of industrial relations in the individual member states. If we take Marshall's definition of social policy as 'redistributive and market correcting, generating entitlements for workers that the market would not provide on its own, including collective statutory rights that change the relative power of the two classes in the labour market'⁸ then a comprehensive analysis of the process of Europeanisation in the field of social policy requires us to take into account the specific features of the *national systems of collective bargaining*. Particularly relevant are any clashes of interests between the various actors on the labour market who are provided with differing levels of resources by the political system.

The practical distribution of powers between the European institutions and social partners for drawing up, negotiating and implementing European framework agreements has resulted in considerable *diversity* of the effective political *output* of European social policies. The reasons for this lie not only in the institutional differences between the various national systems of industrial relations, the different practices and traditions of the social partners and the divergent legal frameworks (based on legislation or collective agreements) in which systems of collective negotiation are embedded, but also in the organisational and political strength of the actors involved. The heterogeneity of social policy regulations exposes the member states to *regime competition* that companies can exploit by establishing themselves in those states that have the most flexible and non-binding working and social standards. An even more crucial factor, however, is the fact that because of the greater mobility of capital, differences in social

⁸ Marshall, T.H. (1965), *Social Policy*, London: Hutchinson, 15.

and labour market regulation lend greater credibility to threats by companies to relocate all or part of their operations. The competition between regimes that member states are exposed to and the predominance of European competition legislation over other areas of regulation means that '(...) national systems in today's Europe must operate simultaneously under the *institutional constraints* of a supranational *competition regime* and the economic constraints of international *regime competition*' (Streeck 1998, 18).

Streeck describes the mechanism underlying negative integration as being the interplay between 'mutual recognition' of competition regulations and harmonisation of national product market regulations: 'A new (...) regulatory instrument, *mutual recognition*, (...) voids the need for supranational harmonisation of national product regulations as a condition of free trade' (Streeck 1995, 393). As *harmonisation* of regulations and requires consensus amongst the actors involved, the relatively untrammelled principle of *mutual recognition* prevails almost by default. This 'sophisticated version of 'negative integration' results in the following development, which is typical for the political order of the EU. '(...) mutual recognition makes economic integration possible without replacement of national regulations at the supranational level and without supranational political institution building' (Streeck 1995, 394).

The new strategic orientation of European Commission policy is in line with the mechanism of negative integration. Referring to the principle of subsidiarity and a coordination process based on voluntary co-operation between the European social partners, the Commission is promoting the '*Open Method of Coordination*'. This leaves effective political decision-making processes at national level, but these are evaluated according to jointly agreed objectives and criteria. Evaluation according to the principle of best practice is intended to ensure effectiveness and efficiency of the measures (Scharpf 2002, Grande 2000). The Open Method of Coordination thus represents a coordination mechanism that is precisely equivalent to the functional mechanism of the European multi-level system (see section 1.2). Following a phase of relatively active involvement in introducing certain regulations such as the directives on the European Works Council, information and consultation of the workforce in nationally operating companies and regulation of atypical forms of work (agency work, temporary work), the European Commission withdrew from the legislative process (see section 1.3.1). Earlier, draft directives produced by the Commission were perceived by employers as a threat, because they had to reckon with the passing of a legally binding agreement. Commencement of negotiations with the employees therefore often only took place in the 'shadow of the law' (Bercusson 1992). With the withdrawal of the Commission from legislative activities, this mechanism became virtually completely ineffectual.

1.5.2.3. The class-specific logic of collective action: causes and implications of the asymmetry of power between labour and capital

In the subsequent two sections, reasons and implications of the multi-dimensional logic of collective action are presented in more detail. The first section gives an overview on definitions and theoretical considerations derived from collective action theory approaches on labor market interest organisation and their implications on collective action of trade unions and employer associations whereby the problems of organisation and action capacity are of central interest. The second section summarizes the multi-faceted functions of multi-employer bargaining for employers, employees and state actors, that can be inferred from previous theoretical reasoning.

1.5.2.3.1 The trade union dilemma: between the ability to organise and the ability to act

‘(...) differences in the position of a group in the class structure (...), not only lead to differences in power that the organisations can acquire, but also lead to differences in the associational practices, or *logics of collective action*, by which organisations of capital and labour try to improve their respective position *vis-à-vis* each other’ (Offe and Wiesensthal 1985, 180).

In looking at the question of the underlying conditions for collective actors such as employers’ associations, trade unions or political parties, a combination of approaches based on neo-Marxist ‘*Staatstheorie*’ (cf. Offe 1984; Lindblom 1980) and the organisational sociology of collective action (cf. Olson 1965) would appear to be helpful, as both these attach central significance to the conflict of interests between the parties on the labour market. The classical game theory assumption of a ‘zero sum game’ can be applied to the constellation of interests in employee and employer organisations in the field of social and labour market policy without having to accept the disadvantage of the simplification represented by economic-reductionist rational choice approaches. A combination of actor-centred, behaviouristic theories (cf. e.g. Berger and Luckmann 1986) with systems-theoretical approaches (cf. Offe 1985; Luhmann 1993) can be extended with the addition of theoretical elements derived from political economy and from new institutional economy⁹, and this allows analysis of a further important

⁹ The ‘new institutional economy’ approach was developed in the 1970s in the USA. The aim of this approach is to explain economic phenomena in terms of institutional factors, taking into account micro-economic and behaviouristic elements (cf. Williamson, O. E. (1975), *Markets and Hierarchies*. New York : Free Press.; Williamson, O. E. (1981), ‘The Economics of Organisation: The Transaction Cost Approach’, *American Journal*

aspect of political action by organised interest groups representing employees and employers – namely their embedding in a specific *political-institutional framework* (cf. Streeck 1991; Offe and Wiesenenthal 1980; Traxler 1993).

Any comprehensive analysis of the ability of employers and employees to organise themselves calls for a multi-dimensional concept of collective action. The need for a complex conceptualisation of organisational structures for action and communication is derived from the fact that organisations are not just active actors per se who make certain rational decisions, but rather that their creation and their continued existence are the result of their *own actions under specific environmental conditions*. Collective action can be seen as a *multi-dimensional process* governed by the relationship between potential and actual members of the organisation, between organisations in the same domain and between organisations from different domains within the framework of the network. These *intra-class-specific* structures are often neglected by organisational sociology, whereas the differences in power structures between labour and capital organisations are often regarded as the only force determining collective action (cf. Olson 1965).

The question now arises as to how the consequences of intra- and inter-class differences are to be interpreted for the conditions of collective action. In line with the argument put forward by Offe und Wiesenenthal (1985), who made an important contribution to the theoretical conceptualisation of the problem of collective action by organised labour market interests¹⁰, trade unions are at a disadvantage vis-à-vis employers associations in all three dimensions of the process. The authors differentiate the following *dimensions*, in each of which *specific aspects of organisational action strategies* are identified that are either directed towards one of one's own actors/potential members or at organisations/political actors on the other side:

- *Input factors:*

This dimension of the problem is related to the characteristics of the elements to be organised. Whereas employers' associations embrace organisations in the form of companies, trade unions have to deal with individuals as members. However, because the ability and willingness to work cannot be separated from the individual concerned, the interests of employees cannot be reduced simply to market aspects. This incongruence cannot be solved

of Sociology, 87, 548-77; North, Douglass C. (1990), Institutions, Institutional Change and Economic Performance. Cambridge Univ. Press : Cambridge.

¹⁰ The essay by Offe and Wiesenenthal appeared under the title 'Two logics of Collective Action. Theoretical Notes on Social Class and Organisational Form' for the first time in Zeitlin, M. (ed.), (1980), *Political Power and Social Theory*, Vol. 1, 67-115.

through contractual regulation. An employment contract is not an instrument that gives complete control of the individual offering his or her labour to the individual or body requiring that labour, as the actual work carried out ultimately always remains under the physical control of the employee concerned. The greater homogeneity of interests results from the particular form of 'good' represented by labour (see also Point 2.2.4): 'Since the worker is at the same time the subject and the object of the exchange of labour power, a vastly broader range of interests is involved (...) than in that of capitalists (...) In the case of workers, those interests that have directly to do with, and are directly affected by, the exchange of labour power (...) include not only material rewards but also such things as job satisfaction, health, leisure time, and continuity of employment' (Offe and Wiesenenthal 1985, 179).

The power gap between labour and capital, the origins of which lie in the particular characteristics of human labour has an impact – beyond the mechanism of the logic of collective action – on the ability to *join forces* and/or *mobilise*, on the one hand, and the ability to reconcile shared interests on the other. In order to successfully organise themselves, employees, because of their '*insuperable individuality*' (Offe and Wiesenenthal 1985, 178) and their 'atomised' form only have the possibility of forming associations, whereas companies, through the mere fact that they operate on the market, have an advantage in terms of their ability to take collective action as they are able to make their investment decisions autonomously. Thus, independently of their market power, industry organisations have social power derived solely from the laws of capitalist production and do not require any additional, i.e. extra-market, effort to organise. Employers also have an advantage in terms of *reconciliation of interests*. Whereas they have *clearly quantifiable labour market interests* (labour costs that are as low as possible, a clearly calculable supply of labour for a particular area of deployment), employees, with their diverse interests, first have to enter into a process of communication in order to agree on common organisational objectives.

Employees have only one option for overcoming their subordinate position of power. They can only solve their collective problem of atomisation and individualisation of resources by developing a *collective identity* that enables them to overcome a constellation of power and communication that is exclusively determined by the efficiency criteria of the market.

- *Internal processes:*

The process of mutual communication between an organisation and its (potential) members is shaped by the organisation's internal process of transformation from individual to collective resources. Because of the particular characteristics of the units they have to organise, trade unions are affected by the following organisational dilemma; in order to secure the resources

necessary for accumulating power, the union has to follow the principles of *bureaucratic organisation*. On the other hand, wielding power requires a strategy of ongoing globalisation of its members to work for joint goals that becomes increasingly difficult the bigger and more organisationally efficient the trade union becomes, because the interests of its expanding membership become increasingly diverse. The requirement to constantly recruit new members and become an efficient, bureaucratic organisation exacerbates the problem of reconciling the interests of differing groups of employees.

It is this contradiction that underlies the problem of collective action. Weber's concept of the formal rationality of bureaucratic administration displays the highest degree of system-integrative efficiency on condition that there is a strict separation between policymakers and administrators (Weber 1980). Putting aside the question of whether this assumption is still possible in western welfare states¹¹, the organisational dilemma faced by trade unions can be

¹¹ In his comments on the divergence of the rationality principles of administrative action, Offe raises the question of whether Weber's 'ideal-type' rationality prevailing in bureaucratic administrations and therefore also the organisation of state power with regard to other functional requirements of a highly-developed capitalist industrial society is, in fact, still 'rational'. As Weber's concept of rationality is based on a strict separation between *administration* and *policymaking*, his concept of rationality does not cover the *functional adequacy* of rational decisions. Offe, on the other hand, differentiates between *organisational* and *systemic* rationality, which are in conflict with one another in a modern welfare state. Organisational rationality refers to the subjection of bureaucratic actions to general rules, and systemic rationality to the bureaucratic fulfilling of the functional requirements (Offe 1985). There is incongruence between the internal *structure* and its relationship to the *environment* (or *function*). For Offe the origins of the state's crisis of action can be found not so much in structural deficits in state organisation as in the *functional demands on the state*, the meeting of which serves to legitimise political decisions.

The administrative system of a modern welfare state faces the dilemma that the demands of the environment force it to deviate from goal-oriented and efficient concepts of rationality subject to fiscal and institutional restrictions, despite the fact that these are required in normative terms. In order to escape this dilemma the administrative system has to be adequate in terms of both goals *and* norms. This double strategy not infrequently leads to stopgap solutions that fulfil neither the one nor the other criterion of rationality. The *specific restriction* of the administrative systems results from the combination of legal safeguarding of administrative actions and the binding nature of legal norms that result in the administrative system having to supplement its legal legitimacy with *extra-legal legitimation* in the form of consensus-finding processes.

The need for consensus has two consequences that may be regarded as typical features of corporatist welfare states: on the one hand, the practice of '*political exchange*', in which the administrative system passes on some of

described as the contradiction between rationality criteria based on the mechanisms of *system integration (bureaucratic organisation)*, and the concept of rationality that meets the requirements of *social integration (democracy)* (cf. Michels 1989).

Because of their ability to make autonomous investment decisions, employers' organisations do not need any collective organisation in order to be able to exert power. Moreover the interests of businesses in securing the best possible conditions for accumulating capital in a capitalist welfare state, which is, after all, dependent on corporate tax revenues, represent superordinate objectives for political action, the implementation of which does not require any explicit representation of interests. Even the harmonisation of interests and the mobilisation of members' resources is easier for employers' associations because of the unambiguous and quantifiable interests involved, even if organisational problems can be caused by differences between large and small companies or between exporting companies and those focused more on the domestic market. Thus there is, in most European countries, a disproportionately high number of major companies represented in employers' associations (cf. Traxler et al. 2001). At the level of European umbrella organisations the under-representation of small and medium-sized enterprises led to the setting up of their own, separate association (UEAPME – Union européenne de l'artisanat et des petites et moyennes entreprises), which exists parallel to the other two umbrella organisations for private companies (Business Europe) and the public sector (CEEP). However, UEAPME has not been recognised by the Commission as an organisation of social partners within the framework of European Dialogue (see section 1.3.1).

- *Outputs:*

The different dynamics of system and social integration are reflected in contrasting patterns of communication between the organisations and their members (see above) and the actors on the policy-making stage. Compared with the trade unions, communication between employers' associations and the government is less publicly visible (lobbying) and of a more technical and universal nature. Businesses have greater scope for pursuing their political ends with threats, as they are both mobile and autonomous in their investment decisions. Employers' organisations are characterised by an *instrumental-monological pattern* of collective action in which transformation of interests is virtually automatic and decisions on objectives are

its negotiating authority to the social partners, and on the other hand, a division of labour between '*policymaking*' and '*administration*' in a *corporatist discussion and decision-making process* with the former taking on the function of consensus-forming and the latter the task of developing and implementing political programmes.

exclusively taken at *top management level*, whereas trade unions can only achieve definition and transformation of their collective interests via a process of discussion between the leadership and the grass roots. According to Offe und Wiesenenthal (1985), collective action by trade unions follows a *dialogue-based pattern*.

1.5.2.3.2 The functions of multi-employer bargaining

The changes in the functions of collective bargaining systems from the point of view of the interests of the employers can be summed up as follows:

- *Cartel-forming function:*

As the market becomes increasingly integrated and European and international markets for goods and services become more interdependent, national collective agreements are increasingly losing their effectiveness as instruments for controlling wage competition between companies. Wages thus become factors determined exogenously by market forces that are increasingly taken out of the scope of the companies to actively shape them as part of a company-specific pay policy. The wage policy strategies of the employers are now, more than ever before, influenced by the criteria of economic efficiency and the 'factual constraints' of competition.

- *Neutralisation function :*

During the era of sometimes radical shop-floor movements in the 1960s and 70s that affected above all monistic industrial relations systems which allow representation of employees *either* in the form of in-company workforce representation bodies *or* trade unions, supra-company collective agreements succeeded in keeping trade union activities away from individual companies. With the spread of the practice of trade unions being involved in negotiations on wages and working conditions, this function loses some of its importance. Trade unions and workforce representatives are nowadays less in competition with one another - indeed they are interested in building up a co-operative relationship.

- *Coordinating function:*

One classic function of collective agreements is to reduce the transaction costs that employers face up to the point where the agreement is concluded. Because of the lack of information about actual ability and willingness to perform, individual trade unions or company trade unions are in a position to pursue strategic wage negotiation strategies. Collective negotiating systems involving umbrella organisations representing the parties on the labour market prevent the use of such tactics by unaffiliated actors representing employees. However the spread of mass unemployment and the concomitant weakening of the trade unions weaken

the efficient reduction of transaction costs through collective agreements.

For the *state* the collective bargaining system takes on the following function:

- *Macroeconomic control function:*

Particularly within the framework of a Keynesian monetary and economic policy, collective bargaining on wages represents an effective instrument for controlling inflation, employment and growth. Apart from national governments' move away from demand-oriented policies since the 1980s, a combination of European monetary union and the related transnationalisation of monetary policy, together with a high degree of integration in the European single market and the dynamic development of global market competition has considerably reduced the scope and influence of national policy actors.

These developments mean that the attraction of entering into cross-company negotiations with employees has been reduced. The reduction in the negotiating power of trade unions in corporatist decision-making systems is also increased by the fact that political elites are less prepared to take into account the demands of trade unions. In addition to this, in political discourse the legal regulations protecting employee representatives are increasingly regarded as illegitimate privileges that have to be dismantled.

1.5.2.4 The multi-dimensional logic of collective action - extension of the approach taken by Offe and Wiesenenthal (1985)

Traxler (1995) extends the approach taken by Offe and Wiesenenthal (1985)¹² and identifies, in addition to 'generalisability' and 'associability', a *third* dimension of collective action and the ability of trade unions and employee associations *to oblige their members to pursue common goals*. The basic assumptions and implications of this dimension, which is referred to as '*governability*' are described in the following section.

If one follows Traxler's definition of the capacity to recruit members as a classical collective action problem that hinges on the choice between cooperation and deviation, whereas the degree of reconciliation of interests and the capacity to control the behaviour of members are interpreted as *negotiation problems* in the strictest sense (i.e. as a process of negotiating the distribution of costs and benefits as a result of the transformation of individual goals into

¹² The essay 'Two Logics of Collective Action' by Claus Offe und Helmut Wiesenenthal appeared for the first time in M. Zeitlin (ed.), *Political Power and Social Theory*, (1980), 67-115.

collective goals), it becomes clear that the *interests* of the actors are not the only variable but that the question of distribution of *power resources* is also at stake. The multi-dimensionality and multi-logical functioning of collective action is based on the fact that these resources are unevenly distributed not only between but also *within* the two classes. In the following section, the class-specific differences in terms of the three dimensions of action (generalisability, associability, governability) and their implications for the power relationship between the two parties in the labour market will be summed up.

1.5.2.4.1 Generalisability – Harmonisation of interests

Empirical examination of the thesis put forward by Offe and Wiesenenthal should show that the number of employer organisations is smaller than the number of trade unions, as companies have homogenous and clearly quantifiable labour market interests that make it easier for them to organise. Empirical investigations (Streeck 1991; Traxler 1993) indicate, however, that there is *no significant difference* between the number of employers' associations that represent both labour market and product market interests) and trade unions. In contrast to the argument put forward by Offe/Wiesenenthal, trade unions and employer organisations seem to pursue similar strategies in terms of reconciliation of interests. Both try to organise as comprehensive as possible a segment of the labour market in order to maximise their sphere of influence. Thus, a high degree of associational concentration is generally regarded as a factor favourable to collective bargaining coordination as the organisational actors' willingness and capacity to internalize negative externalities of their actions is positively related with their domain comprehensiveness (Olsen 1982).

1.5.2.4.2 Associability – organisation capacity of associations

It can be demonstrated that, in terms of the associability of employer organisations, in systems with voluntary membership the density of organisation, i.e. the proportion of members who are actually organised compared with the totality of potential members in the particular area covered by the organisation concerned, is actually *higher* for organised *employees* than for organised *companies* (Traxler 1993). This means that *large companies* are disproportionately represented in employers' organisations. The reason for this is the intra-class differences in terms of distribution of resources that make it possible for large companies not only to bear the costs of membership (membership subscriptions) but also to transfer resources and thus significantly shape the association concerned (in terms of organisation, funding, staffing, ideas and strategy). The greater inclination of major companies to organise and the statutory

requirement in some countries for membership means that the figure for *organisational density of employer associations is higher* than for *trade unions* (Traxler 1993). The greater competition between companies is thus balanced by government measures to promote organisational ability (e.g. compulsory membership), whereas trade unions, against a background of increasing social individualisation in all areas of life, increasingly have to decide between growth goals, pooling of resources and membership recruitment on the one hand, and objectives related to identification, co-determination and harmonisation of interests on the other.

1.5.2.4.3 Governability

Although Offe and Wiesenthal point to the autonomy of corporate decision-making abilities as an important element in explaining collective actions, this fact remains of little consequence for the question of organisational leadership in employer associations because of the authors' strong orientation towards the interests of labour and capital. The capacity to ensure member support for agreed collective organisational objectives is less strong in employer organisations than in trade unions for two reasons. Firstly the asymmetrical distribution of power between the classes means that certain organisational activities such as establishing wage levels, public relationships, lobbying etc can also be carried out by the companies themselves. Secondly, the attraction is greater for employers *to deviate from organisational goals while at the same time retaining membership of the organisation*. Consideration of the labour market specific inter-and inter-class relationships leads Traxler to reach the conclusion that '(...) employers' salient ability to pursue their self-interest significantly impairs their governability but not their associability' (ibid. 1995, 32). In other words, *employers* are at an *advantage* over trade unions when it comes to ability to organise, but at a *disadvantage* in terms of capacity to *control* the strategies of their members. An empirical investigation supports the plausibility of this theory; if one examines the number of affiliated member organisations of national, cross-sectoral umbrella organisations as an indicator of governability, it emerges that employers' associations have significantly more membership organisations than the trade union umbrella organisations (Traxler 1993).

The ability of employee and employer organisations to harmonise the interests of their members and persuade their members to work towards agreed goals (Traxler, 1996) is directly relevant for the effectiveness of the system of coordinating wage and collective bargaining policy. The capacity to make lower-rank members comply with agreements negotiated on a superordinate level is a typical *collective action* problem that is rooted in *intra-class* interest differences. Thus, collective action problems differ from *bargaining* problems

that originate from different interest positions *between* capital and labour. The lack of governability is of particular relevance in wage bargaining where some associational actors are able to shift negative side effects of excessive wage increases, i.e. a rise of unemployment and inflation, to other groups of actors outside their own organisational domain. In this respect, small and particularistic organisations are better able to externalise negative effects of excessive wage increases that are beneficial for their own constituency but that are harmful for groups outside their narrowly defined organisational domain than larger and more all-embracing associations. Hence certain organisational features of associational bargaining agents directly affect their ability to exert bargaining 'governability' on their members.

Any analysis of the degree of governability of national collective bargaining systems requires differentiation between two basic patterns of coordination, i.e. horizontal and vertical coordination (see section 6.1.2). The aim of effective coordination is, on the one hand, to bring the collective agreements between the various different sectors and groups of employees into line with one another (*horizontal coordination*) and, on the other hand, to ensure that agreements are also complied with at downstream levels (*vertical coordination*). The ability to achieve vertical coordination depends on the statutory framework that ensures implementation of collective agreements at local level. The precondition for this is the 'bargaining governability' of vertical coordination mechanisms that aims 'to set incentives for the shop floor to comply voluntarily' (Traxler/Kittel, 2000, 1182). Horizontal and vertical coordination compete with one another, as the incorporation of a large number of different groups of employers and employees into collective agreements makes it all the more difficult to coordinate the various interests of the individual groups and ensure compliance with the agreement (Traxler, 2000). In concrete terms, a high degree of governability requires mandatory applicability of collective agreements and also a guarantee of no industrial action during their period of validity (Traxler, 2000).

A crucial element for coordination is therefore solution of the problem of vertical coordination, and the various collective bargaining systems are capable of this to differing degrees. When it comes to coordination through wage leadership, the decentralised mode of coordination means that the control problems of vertical coordination hardly occur, whereas the existence of the two legal guarantees is crucial for the effectiveness of coordination by the umbrella organisations. *Authoritative state coordination* forces the members of the negotiating parties to comply, but is less effective in terms of coordination than other, *voluntary, forms of horizontal coordination* (Traxler and Kittel, 2000).

As the problem of vertical coordination is reduced by greater decentralisation of negotiations, effective coordination in collective bargaining systems in which agreements are concluded at the level of the umbrella organisations depends on the extent to which the local level can be controlled in terms of implementation of the agreement. The precondition for this is a set of labour regulations that ensures, on the one hand, statutory application of collective agreements and, on the other hand, guarantees freedom from industrial action for the period of its validity. Following the concept of 'vertical coordination' of Traxler and Kittel (2000) which rests upon a double scale, according to which vertical coordination is high when *both* legal guarantees exist and is low when one or both are not provided (Traxler and Kittel, 2000) only the co-existence of both legal pre-requisites ensures the compliance of individual lower-rank members to the organisation's goals.

1.5.2.5 Consequences of the different logic of collective action for the policies of trade unions and employers associations

'The capitalist class attempts to create state structures which channel working class political activity in ways that do not threaten capitalist political dominance. The internal structure of the state is simultaneously a product, an object and a determinant of class conflict. State structure is itself a source of power' (Esping-Andersen 1990, 27).

According to Offe and Wiesenthal, the differences in organisational practices in the political decision-making process between labour and capital are increased as the employee side is systematically disadvantaged in articulating and implementing its interests. The system of political decision-making that is intended to mediate between system- and social-integration is itself the result of the asymmetrical power balance between market forces and democratic organisation. This 'doubling' of the class conflict in the market and the political system can also be seen as a configuration of conflict on two levels; on the first level there is a *conflict of distribution* that can be solved within the system of 'political forms', i.e. the existing 'rules of the game' in the political decision-making process, and there is a latent conflict on the second level, in which what is at stake are the *political forms* of articulation and implementation of collective interests themselves. It is precisely at the second level that the multi-dimensionality and class-specific logic of collective action becomes clear: what is at stake is no longer a conflict *between* the classes but rather - given the dialog logic of collective action - a conflict *within* the working-class.

In concrete terms this is all about the specific political form of *corporatist* decision-making, an essential element of which is the achievement of *consensus* between the organised interests

of labour and capital. Negotiation of collective interests in the corporatist system, however, presupposes that these are defined and articulated, and this generally happens according to a monological logic. The instrumental-monological pattern, which is in line with the laws of representation of corporatist interests, displaces the organisational pattern based on dialogue. The reason for this can be found in the internal dynamics of the organisation of employee interests: the element of bureaucratic organisation in trade unions grows, whereas at the same time the aspect of individuality in a heterogeneous membership increases in importance and hinders the development of a collective identity.

Although *under certain* conditions the mode of corporatist decision-making can represent a highly efficient form of political control for European welfare states, one crucial disadvantage is its inherent tendency towards instability. Setting aside the judgment that classical corporatism in the current post-industrial and post-Fordist society has lost much of its efficiency and legitimacy as it is based on certain social-economic conditions such as constant economic growth, full employment, mass production, nationally limited markets and the predominance of a particular type of employee who is regarded as the target group for trade union organisation, the pattern of corporatist representation of interests encourages *opportunistic strategies* by all the groups of actors involved.

1.5.2.5.1 Two phenomena of opportunism: Political Exchange and freeriding

Offe and Wiesenenthal define their concept of 'opportunism' as follows: 'For class theory, opportunism involves implicit acceptance of structural subordination through elimination, for organisational convenience, of a range of 'systemically usage' interests from collective action' (Offe/Wiesenenthal 1980, quoted by Streeck 1991, 191).

Although the authors are not concerned with the negative connotations of the concept of '*opportunism*' but rather its analytical meaning as a tendency to use tactical possibilities without reference to principles, opportunistic behaviour can lead to destabilisation of inter-class relationships: 'Opportunism, then, is a type of organisational practice that resolves the problems connected with the precarious coexistence of the two logics of collective action (...), by preferring the monological pattern of collective action' (Offe/Wiesenenthal 1985, 215).

Opportunistic strategies contain an 'inherent committee logic' as they are largely oriented towards established interests or sub-groups and established and recognised political parties and channels.

Two constellations of interests, resulting from opportunistic behaviour by the parties on the labour market are of particular significance:

a) *Political exchange : implications of class differences for the political actions of the organised interests of labour and capital*

a) *Free-riding: individual and collective strategies of opportunistic behaviour*

On a) political exchange:

In order to free themselves from their organisational dilemma, *trade unions* try to make themselves as independent as possible of the willingness of their members to take action. Instead the idea is to achieve as large as possible an element of external resources via the political system in which trade unions achieve political recognition and legal security for their activities, e.g. collective bargaining autonomy, the right of association, and the right to strike. In response, the *state actors*, by incorporating the trade unions into the political decision-making process ensure legitimacy in the eyes of employed voters. But the organised interests of *capital* also profit via the politically mediated recognition of the trade unions as negotiating partners from the concession made by the trade unions to renounce militant, anti-capitalist goals. Institutionalised pay bargaining between the umbrella organisations of the two labour market parties also help solve the employers' problem of collective action by removing wages from the competition mechanism.

Ad. b) Free-riding:

This variant of opportunistic behaviour by collective actors involves deviating behaviour by the weaker party. However, Offe und Wiesenthal (1985) do not look at the collective action problem of free-riding, as they only attribute *opportunistic behaviour* to the *trade unions* (not the employers associations) because of their disadvantaged position with regard to the aspects analysed by them, i.e. the question of harmonisation of interests and associability (cf. Traxler 1995).

For *trade unions* the possibility of free-riding is derived from the fact that *shared product market interests* of employees and entrepreneurs are 'co'-represented in business and trade associations. Employees thus save the cost of organising their own product-related interests (cf. Streeck 1991). However, it can be assumed, that the product market interests of employees and employers are different, as '(...) there can be no doubt that trade unions and workers (...) have quite significant product- and production-related interests. In many cases,

however, *these are similar to the respective business interests in the same form or sector, whereas they differ from the interests of workers employed in other firms or sectors, or from the interests of workers as consumers or citizens* (Streeck 1991, 190 ff.).

Thus, with the transformation of industrial organisation into a '*post-Fordist production system*¹³, with greater demands in terms of flexibility and innovation, there is a need for the employee's side to be more organised. Externalisation of representation of product-related interests means that traditional trade unions are excluded from decisions that have an impact on the labour-related interests of their members. The possibility of free-riding for trade unions' put forward by von Streeck is therefore linked to the sorts of conditions that prevailed in traditional systems of industrial relations under Keynesian economic policy regimes and Taylorist systems of work organisation.

Free-riding strategies on the *employer side* appear more significant. As soon as *trade unions* pursue a *moderate wage policy* in order to ensure macroeconomic stability, individual employers have an *incentive to deviate from collectively agreed wage structures* - either down words, in order to reduce labour costs and secure a market advantage over the competition, or upwards in order to gain an advantage in a situation of scarcity on the labour market by recruiting workers from the existing pool without having to make any additional investment in training. In phases of stagnating economic growth and during structural crises in particular parts of the markets or in particular sectors of industry, the incentive for free-riding with regard to collectively agreed wages increases even more.

1.5.2.6 Diversity within and between national systems of industrial relations and regime competition

In his later publications, Streeck, however, explicitly points out that the institutional logic of European integration does not permit *equation of liberalisation and deregulation* (Streeck 1998).

The mechanism of negative integration operates in two ways: although international market liberalisation calls for removal of legal barriers to trade, new regulations have to be created in

¹³ Boyer, Robert (1988), *The search for labour market flexibility: the European economies in transition*. Oxford: Clarendon Press; Sabel, Charles F. (1982), *Work and Politics: The Division of Labor in Industry*. New York: Cambridge University Press.

order to ensure smooth functioning of market processes¹⁴. Thus, for example, international competition regulations are required that forbid 'state aids' to national industries. The regular waves of regulation by the Community that takes the form of ongoing revision, reviewing and extension of the Maastricht, Amsterdam and Nice Treaties, merely reflects the logic of the integration process: '*That European integration is closely associated with extensive rule-making is therefore not at all a proof that it is not in its core a process of liberal market-making*' (Streeck 1998, 8).

However the market not only requires rules related to competition and products; at the same time the need to maintain the legitimacy of political decisions also calls for *social regulation* to cushion the insecurity and instability affecting people in the labour market and elsewhere caused by freeing up of market forces. As the specific asymmetries of power on the labour market have considerable implications for organising the interests of the parties in the labour market, we will now examine the *particular characteristics of the organisation of social labour*.

The unique position of labour as a 'good' consists in the fact that, although it is traded on markets, it does not come into these markets in the same way as most other 'goods' (Offe/Hinrichs, 1984, 50). Thus the production and marketing of labour is *not controlled by expectations of marketability* but rather - in quantitative terms - by democratic processes. Another important factor is the extent to which an individual offering his labour is dependent on a market-derived income because of the lack of other possibilities of subsisting outside the labour market. The elasticity of the offers being made in the market is determined by this dependency. In terms of the temporal aspects of their strategies, individuals offering their labour *do not* (or only to a limited extent) have the necessary means of production that would make it possible to *strategically wait for the most favourable moment to sell*. In addition to this, their *need* for subsistence is much more *inflexible* than the *need of the demanders* for their labour, as production can be maintained even if labour input per unit declines in the long-term, whereas subsistence is not possible if an individual's income declines in the long-term. This asymmetry can be seen in the fact that demanders are less dependent on the supply of labour than vice versa. The *qualitative potential for adjustment* on the part of those offering their labour is more limited than that of capital; certain professional qualifications and experience make an individual only deployable for certain functions in the production process, whereas capital goods can constantly be replaced and varied. Compared with the highly qualitative mobility of capital, the individual offering his labour can only offer - limited - geographical

¹⁴ cf. Vogel, S. (1996), *Freer Markets, More Rules: Regulatory Reform in Advanced Industrial Countries*. Ithaca: Cornell University Press; Majone, G. (1994), *Understanding Regulatory Growth in the European Community*. EUI Working Paper SPS No. 94/17. Florence: European University Institute.

mobility (migration, commuting).

The close link between a citizen's right to a social system based on the principle of paid work and conditions of employment strongly oriented towards market principles (e.g. efficiency, unlimited access to information, contractual freedom between autonomous economic entities) is what underlines the *responsibility of national governments* and the organised interests of the parties on the labour market *for taking action in the field of social policy*. The interest of citizens on the labour market in limiting contractual freedom and market logic is therefore always directed towards the (socio-)political decision-makers at national level, who themselves depend on legitimisation of the *totality* of their political decisions by the vast majority of the working population. The close interplay of 'industrial' and 'social' rights described by Marshall is only one reason for the predominance of the national level in the field of social policy which, however is basically unaffected by the superordinate framework of the legal and institutional system of the EU, based as it is on the principle of subsidiarity. The impact of the international market order and the European multi-level system on the relationships between class interests and national interests opens the way for competition between national social policy regimes. In the next section we will describe the impact of regime competition on the power relationship between labour and capital.

1.5.2.7 Effects of regime competition on the negotiating position of the collective bargaining parties

Setting aside the buzzword 'regime competition', which could suggest a deliberate reduction of social benefits and protection measures by national governments, initiatives to increase the national level of social benefits have come to a halt in all member states (cf. Leibfried 1998). The increasing difficulties that the trade unions are experiencing in pursuing their demands for greater possibilities of social participation indicates that there has been a change in the relationship between capital, labour and politics. If competition in the field of social policy does result in a shift of power to the advantage of mobile capital as a factor, enabling it merely to threaten an 'exit strategy' in order to force actors to make concessions, then one can indeed speak of a structural change in the tripartite mediation of interests within the framework of *political exchange*. As described in section 1.5.2.6.1, the existence of structures for political exchange represents an incentive both for trade unions and employers associations to adopt *opportunistic strategies*.

For *trade unions*, rejection of anti-capitalist goals improves the conditions for political exchange aimed at achieving political recognition and legal protection. The employer side can

also solve some problems of collective action by recognising the trade unions as negotiating partners. Binding collective regulation of wages, for example, offers employers the advantage that wages are removed from the competitive mechanism (see section 1.5.2.3.2). With the setting up of the *European Single Market* and *internationalisation of product markets*, however, *this function* loses *effectiveness*, for wages, as part of labour costs, are increasingly subject to the pressure of competition to reduce labour-related production costs.

Any analysis of the possible impact of the increasing pressure of competition on national systems of social security and industrial relations has to differentiate between the actual (medium and long-term) structural effects of political decisions (*policy outcomes*) on the one hand, and the direct results of the political negotiating and decision-making process (*policy outputs*) on the other. Long-term policy outcomes have been analysed in a number of comparative studies and there is little basic evidence of any convergence of national systems of industrial relations (cf. Traxler/Schmitter 1995). Thus, for example, Traxler in his comparative analysis of association and collective bargaining systems and macro economic governance in the EU and EFTA in the 1980s comes to the following conclusion:

General trends such as internationalisation of markets and differentiation of the market interests of employers (because of differences in exposure to the global economy, size of company, productivity development etc.) ‘(...) increase the burden of problems on industrial relations (...). Against a background of this *convergence* of problems it is worth noting that the reactions of the various countries in terms of adjustment of industrial relations are extraordinarily *divergent*. (...) This means that basically similar problems (...) are tackled in very different ways and thus also have very different impacts on the industrial relations institutions themselves’ (Traxler 1995, 207).

Traxler see the reason for the relative stability of industrial relations systems as lying in the basic principles of *collective bargaining autonomy* and *freedom of association*, which are also valid in European social policy. For this reason it can be expected that ‘Europeanisation’ of institutions in this area will also in the future take longer to achieve than in other areas’ (ibid.).

An assessment of such comparative studies of the long-term development of industrial relations systems is also difficult because they are based on different basic assumptions regarding the ability of the systems to control unemployment and inflation. Without looking more closely at the contradictory performance assumptions of centrally, sectorally or decentrally structured collective bargaining systems at this stage, comparative analyses would seem to confirm that durability and stability are typical characteristics of institutionally

embedded systems of industrial relations even in the 1990s (cf. Traxler et al. 2001; Traxler and Kittel 2000).

If, however, one looks at the *conditions* for the political decision-making process, then it becomes very clear that the negotiating strength of collective actors on the employee's side is declining vis-à-vis political decision-makers and employers' organisations. The inevitable results of economic internationalisation have put both companies and also policymakers under increasing pressure to rationalise, restructure, reduce costs and achieve savings. Policy measures such as reductions in corporate taxation and social costs, cuts in social budgets, social benefits, stricter conditions for access to social benefits, relinquishment of economic policy aimed at controlling demand and the liberalisation and flexibilisation of labour markets are adopted throughout Europe.

The functioning and effectiveness of political exchange can be directly measured by the social, group-specific and macroeconomic functions of collective wage bargaining systems. From a functionalist point of view, collective bargaining systems take on a certain function for the negotiating parties (cf. Traxler 1998a). Internationalisation of the markets for finance, goods and services has, however, not been without an impact on the functioning of industrial relations systems. Whereas the interests of employees are still focused (or, in increasingly flexibilised labour markets and pared-down social security systems, even more focused) on social protection (working conditions), consultation or codetermination and profit-sharing, the transformation from Fordist market, production and labour organisation structures to a post-Fordist configuration of socio-economic and political structures has meant (cf. Lash and Urry 1988) that certain functions have lost their significance for employers and state actors or have become completely obsolete. The section that follows will describe the most important functions of 'multi-employer bargaining systems', which, in contrast to systems in which 'single employer bargaining' predominates (for example in the United Kingdom), can contribute towards solving certain collective action problems.

1.5.3 Beyond ‘Euro-optimism’ and ‘Euro-pessimism’: ‘Euro-pragmatism’ as an interest- and actors driven approach to Europeanisation

Following neither a ‘Euro-optimist’ nor a ‘Euro-pessimist’ view on the Europeanisation of industrial relations, it can be drawn on the assumptions of a class-specific logic of collective actions in order to develop an alternative approach to the transnational coordination of collective bargaining.

The coordination of collective bargaining policies across borders is driven by actors’ interests and embedded in the structural and economic conditions that determine the collective bargaining process, outcomes and their implementation. From a ‘Euro-pragmatic’ perspective of the Europeanisation of industrial relations the conception of a uniform process that either brings about a ‘positive’ or ‘negative’ Europeanisation is abandoned. Rather, a complex and context-dependent configuration of – both inter- and intra-class – actors’ interests shapes the room of manoeuvre of wage bargaining actors and allows for the creation of multiple and ad-hoc alliances between different sets of actors. For instance, intra-class interest divergence arises between trade union actors of the sheltered and the exposed sector or between small companies operating in national markets and globally integrated MNC. The nature and outcome of the ‘Europeanisation’ process is therefore fragmented, diverse and reversible. Within this setting of ‘Europeanisation’ ‘à plusieurs vitesses’ the establishment of effective and efficient coordination arrangements in certain areas, e.g. regions and sectors co-exists with – so far however limited – processes of de-regulation, dis-organisation and decentralisation.

In the following section a possible alternative approach to the cross-border coordination of collective bargaining will be developed. The mechanism of pattern-bargaining is considered as the key instrument for trade unions to orchestrate and co-ordinate their policies with regard to collective bargaining, in particular wage bargaining, across borders.

1.5.3.1 Pattern Bargaining – A means for the transnational coordination of collective bargaining?

Taking the assumptions on the multi-logic and multi-dimensionality of associational action as a starting point for the discussion of coordination of collective bargaining on both the national and transnational level from a theoretical perspective, a further investigation into the functions and implications of pattern bargaining seems to be a profitable endeavor.

Theoretical reasoning about the nature of pattern bargaining diverge in conceiving it either as a process or an outcome. This conceptual ambiguity originates in the way pattern bargaining produces results. In contrast to centralised, peak-level modes of coordination that are intended to synchronise actions of different bargaining units (Traxler et al. 2001), outcomes from pattern bargaining may be *unintended* side effects produced by the participating bargaining agents. However, the focus solely on outcomes falls short of the intended actions of the bargaining parties and puts patterned outcomes close to convergence effects induced purely by market forces. Rather, coordination via pattern bargaining arises from implicit roles taken up by bargainers. Thus, coordination intentions may be concealed. Wage leadership of a certain organisation is not necessarily openly announced by it, nor do the pattern-taking bargaining agents declare their intention to follow the pattern setter. Pattern bargaining may involve compulsion for bargaining units that are unwilling to follow, pattern bargaining nevertheless is an non-hierarchical mode of coordination since it lacks sanctions imposed on deviant bargaining parties.

The fact that pattern bargaining is a non-hierarchical coordination mode does not rule out possible compliance problems. This becomes particularly clear in the case of wage bargaining¹⁵. In this respect, two forms of pattern bargaining can be distinguished; First, *wage-pushing* pattern bargaining whereby the pattern setting union(s) fix wage rates far above inflation and productivity growth and are therefore labeled ‘excessive’, and second, *wage-moderating* pattern bargaining where wage increases are strictly in line with the development of productivity and inflation. Whereas the first variant of pattern bargaining is only feasible when labour markets are tight, the second form corresponds to the current bargaining situation with high levels of unemployment and increasing competitive pressures from internationalised markets. As far as inter-class interests are concerned, business clearly favours moderate wage increases¹⁶. The trade unions’ interest in a moderate wage policy is less unequivocal. Naturally, trade unions aim at preserving high wages for their constituency. However, trade

¹⁵ Although it is disputed whether the patterned outcome of wage bargaining are similar percentage increases or similar wage levels (Capelli 1990, Ready 1990), it is clear that both outcomes can not be achieved simultaneously. Converging percentage increases maintain pay differentials between sectors and occupations. A reduction in wage dispersion presupposes above-average pay hikes for low-wage and below-average increases for high-wage groups.

¹⁶ The univocal interest of business and unions in taking wages out of competition by collectively negotiated agreements is receding into the background with the internationalisation of product markets. The ‘cartelising’ function of multi-employer bargaining is considered as one of the most important incentives for business to engage into collective negotiations. However, in markets that are subject to international competition, it is no longer feasible to insulate wages from market forces by collective pay agreements with national scope (see section 1.5.2.3.2).

unions which organise sectors that are subject to international competition are less able to externalise negative externalities of excessive wage increases than trade unions in sectors that are sheltered from international competition (Crouch 1993). The higher the degree of integration into international markets, the more difficult is it for an industry to pass increases in labour costs over to output prices without facing severe reductions in demand. Thus, trade unions in exposed sectors have a twofold interest in keeping wages low *across industries* (Traxler et al. 2008a). First, they are directly affected by price rises of the sheltered sectors as their customers or indirectly by a general increase in inflation. Second, with steep pay hikes in sheltered sectors employment in exposed industries becomes less attractive as their wage position declines relative to that of sheltered sectors. This problem is aggravated by the dependence of the exposed sector on high qualified labour in order to maintain its international competitiveness.

However, the fact that trade unions in exposed sectors have a strong interest in a moderate wage policy and are therefore willing to act as wage setters does not guarantee the compliance of sheltered-sector bargaining agents to conclude wage rates below those of the patterned wage agreement. Compliance of the pattern-takers is determined by the intra-class power configuration (see section 1.5.2.4). The bargaining power of trade unions in strongly unionised sectors is larger than that in weakly organised industries. Weak and marginal unions may benefit from relying on the pattern setter and orient their demands towards the patterned agreement whereas strong unions may reject any restrictions put upon them by another union organisation. The willingness to follow the pattern setter is usually contingent on the trade unions of the public sector since they are traditional strongholds in terms of membership organisation. As strongly organised sheltered-sector trade unions there are most explicitly opposed to orient their bargaining strategies towards that of other unions. As the exemplary case of Austria indicates, large public sector unions tend to publicly declare their reservation vis-à-vis the idea of pattern setting although they concede 'that agreements for the metal industry provide a 'marker' that shapes expectations of their own members' (Traxler et al. 2008b, 17). Since the power of manufacturing-sector unions is withering with the expansion of the service sector segment of the economy, certain institutional features that function as inter-sectoral spill-over mechanisms are required in order to make strong sheltered-sector unions comply to pattern bargaining (Traxler et al. 2008a). Statutory provisions that exclude the public sector from collective bargaining and austere budgetary policy weaken the bargaining power of the sector's unions vis-à-vis the despite the existence of *de facto* negotiations.

Empirical evidence supports the argument for the metal sector as industry that is best suited the perform wage leadership (Sisson and Marginson 2002, Traxler et al. 2008a, Traxler and

Brandl 2009, forthcoming). In all countries where pattern bargaining is the dominant mode of coordination, i.e. Germany, Austria and Japan, it is the metal industry that sets the pattern for other sectors. The pertinence of the metal sector as the leading industry rests upon its particular economic and institutional features. Within the manufacturing sector, it ranks among the most export-dependent industries and is thus strongly integrated in international markets. Besides, the metal industry is characterised by its high vertical integration in product markets, insofar as the sector is the main producer of intermediate products. Effects produced by the bargaining conduct of the metal industry, e.g. industrial action, wage increases that are directly affecting labour costs, are therefore likely to spill over to other sectors. With regard to institutional features of industrial relations in the metal sector, it is characterised by strongly organised trade unions and a highly centralised associational system of labour interest representation. Trade union densities in the metal industry are in general markedly above aggregate inter-industry levels (e.g. Beguin 2005) and the number of relevant metalworkers' unions is rather limited (Traxler et al. 2001). For instance, taking the two countries where wage pattern bargaining is the predominant mode of bargaining coordination as examples, in Germany there is only one metalworkers' union for both blue- and white-collar workers, and in Austria, metalworkers are represented by the blue-collar GMTN whereas white-collar employees are organised by GPA.

In conclusion, pattern bargaining constitutes a non-hierarchical and relatively decentralised mechanism of bargaining coordination. It is less demanding than centralised forms of coordination in terms of institutional prerequisites that guarantee a high degree of vertical coordination. As a covert mechanism, pattern bargaining does not rest upon decision-making by peak-level organisations that presuppose a constant and explicit ensuring of legitimacy vis-à-vis its members.

So far, these conclusions have been drawn with respect to inter-industry pattern bargaining on the *national* level. In general, they are also appropriate for pattern bargaining as a mode for the *cross-border* coordination of collective bargaining in a certain sector. Leaving aside the differences between *inter-* and *intra-industry* pattern bargaining with regard to functions, agency, interest and power configurations as well as the economic context (Traxler et al. 2008a), is the *transnational* dimension of collective bargaining within a sector that is of interest here. Given competitive pressure arising from the Common market, it is evident that it is the *wage-moderating* variant of pattern bargaining that is inherent in any form of transnational bargaining coordination. Although transnational collective bargaining coordination is exclusively driven by trade unions, aiming at countering the international mobility of capital, it is not necessarily based on a common interest among trade unions from different countries.

Trade unions have to deal with the dilemma to reconcile the aim of securing jobs by maintaining international competitiveness with the purpose of transnational coordination initiatives, that is, curbing wage and social dumping. Thus, the problem at hand is not only one of the power asymmetry between capital and labour but also intra-class problems that magnify with the transnational scope of action. Decentralised and union-led initiatives for the cross-border coordination of collective bargaining sidestep the problem of employers' reluctance to engage into joint coordination activities with the trade unions' side. Due to the employers' higher capacity for transnational mobility, they are benefiting from differences in labour standards that allow them to embark on strategies of 'regime shopping' (see sections 1.5.2.7 and 1.5.2.8). Despite the growing awareness among trade unions with regard to the cross-border dimension of collective bargaining in the context of the European Monetary Union, beggar-my-neighbour tendencies are still continuing to exist.

Since it are the export-dependent industries that are best able to take on the role of wage leadership, competitive pressures are strongest in these sectors. Thus, trade unions in these sectors are pushed into a strategy of strict wage-moderation that is hardly appropriate to prevent wage dumping. The tendency to increase international competitiveness in the wage of the European Monetary Union in the 1990ies lead to a resurgence of national 'social pacts' (e.g. Fajertag and Pochet 2000). In order to achieve the 'convergence criteria' of the Euro, state-led interventions into wage and incomes policies became popular throughout Europe. In the case of Belgium, the policy-makers returned to state-imposed bargaining coordination in the second half of the 1990ies (Traxler et al. 2001) after the social partner failed to reach an agreement¹⁷. In 1996 the Belgian government introduced the creation of the 'European Wage Area', a de-facto currency area that includes Belgium, Germany, the Netherlands and France. Since then, the settlement of wage increases on the basis of wage developments in the three neighbouring countries was stipulated by law. Similarly, the Netherlands embarked on a competition-orientated approach to wage policy (e.g. Verdun 2002, Crouch 2000) that repeatedly resulted in orchestrated wage freezes, the last concluded for the years 2004/05 (e.g. Van het Kaar 2002 and 2003). The upcoming introduction of the Euro triggered trade union-led initiatives aiming at the coordination of collective bargaining policies. On the European level, the European Trade Union Confederation (ETUC) set up a collective bargaining committee in 1999 and adopted principles on the coordination of collective bargaining. Among the European Industry Federations (EIF) under the umbrella of ETUC, the European Metalworkers' Federation (EMF) was the first union that adopted a European-wide approach to collective bargaining policy based on the 'European Coordination Rule' that sets

¹⁷ After a social partner agreement failed in 1997/98 they concluded an inter-professional agreement for the years 1999-2000.

out orientation criteria for wage bargaining (see sections 3.2.1 and 10.1.5). In addition, the 'Doorn Initiative' launched by trade union confederations of Belgium, the Netherlands, Luxemburg and Germany in 1997 aimed at the cross-border of coordination of collective bargaining¹⁸. However, after a period of regular annual meetings up to the year 2001 (Schulten 2000 and 2001) the Doorn initiative fell asleep, or at least escaped from public view. However, it seems that attempts resuscitate the Doorn initiative have been successful as member unions of the Doorn group resumed their meetings later on – on a however less regular basis¹⁹. The repeatedly suspended meeting activities of the Doorn group underscore the difficulties of an inter-sectoral approach to transnational coordination. Due to the high degree of interest heterogeneity on the inter-industry level unification of interest and collective action is impeded. Thus, the Doorn initiative is mainly a forum for information exchange and consultation rather than an instrument for bargaining coordination.

What can be inferred now from the arguments laid down above with regard to pattern bargaining as a mode for the transnational collective bargaining coordination? First, intra-sectoral pattern bargaining across countries is one mode of coordination within a multi-layered system of industrial relations. Collective bargaining occurs on plant and company, industry and inter-industry level within national boundaries of the member countries. The national systems of industrial relations are completed by a European structure for social, employment and collective bargaining policy. The inter-relatedness of the multiple levels of political action reinforces and complements them with each other (see section 1.1). Thus, a European system of industrial relations has to incorporate an outstandingly high degree of variety and heterogeneity of national industrial relationship structures. The fact that the diversity of national industrial relationship systems has proved to persist, and that uniform market pressures did not bring about a convergence towards decentralised systems of collective bargaining corresponds to the thesis of path-dependency of the actors' strategies on the institutional setting. Market-driven change is thus filtered and processed through national institutions and allows therefore for a considerable variety in adjustment strategies. Pattern bargaining as a decentralised and non-hierarchical coordination mode is compatible with the complexity of Europe-wide coordination structures. Moreover, it is less demanding in terms of

¹⁸ The 'declaration of Doorn' was adopted on 5th September 1998 by the Belgian confederations ABVV and ACV, the German DGB and DAG, the Dutch confederations CNV, FNV and MHP and by CGT-L and LCGB from Luxemburg as well as the respective sectoral trade unions in construction, the chemical industry, metal/electro-technical industry, private and public services.

¹⁹ For instance, the Doorn group held its 9th 'political conference' on 23 and 24 October 2008 in Utrecht, with participating peak-level unions from the Netherlands (i.e. FNV, CNV, MHP), Germany (i.e. DGB), France (i.e. CGT, CFDT, FO, CFTC), Belgium (i.e. FGTB, CSC, CGSL) and Luxembourg (i.e. CGT-L, LCGB).

institutional prerequisites to guarantee compliance by lower-level members compared to centralised, peak-level coordination. Furthermore, collective action might be enhanced by an increased number of participants as the 'critical mass' to trigger spill-over effects is reached more easily. Thus, pattern bargaining does not presuppose the complete following of all sectoral bargaining agents. Second, pattern bargaining on the European-level has developed in network-form structures whereby the metal sector has taken the lead (see section 7.1.3). Within a certain sector the trade union(s) of one country act(s) as the pattern setter. Taking the metal sector as an example, it has been the German IG Metall that has been most active. The German metal industry is considered as predestined to set a pattern for trade union bargainers in other countries (e.g. Traxler 2000, Marginson and Traxler 2005). Despite reductions in membership and the general trend to the undermining of collective agreements, IG Metall is yet a relatively powerful bargaining party. Third, pattern bargaining embedded in a network structure has to rely on the engagement of the sectoral EIF. Referring to the metal sector, the EMF adopted various instruments for the coordination and monitoring of collective bargaining such as the European Coordination Rule and a database of collective bargaining information (see sections 7.1.4 and 7.1.5). The crucial role of the European peak-level organisation with respect to its coordination function and the ensuring of compliance among the national member organisations is also supported by statements of the interviewed bargaining experts. It is important to note that although pattern bargaining is an efficient and feasible mode of transnational intra-sectoral coordination it has to be complemented by EIF engagement and by other coordination institutions such as European Works Councils on the level of multinational companies. This is particularly true in view of the growing importance of plant or company-level bargaining and the widespread practice of coercive comparisons of labour costs and work organisation across MNC locations (Hancké 2000).

However, the crucial question with regard of the feasibility of intra-sectoral pattern bargaining on the European level is twofold. First, the pattern setting sectoral trade union organisation has to achieve the necessary legitimacy among its partner unions from other countries in order to ensure their compliance. In the metal sector, Germany has taken on a leading role that however did not yet include the function of setting a pattern for wage bargaining. Second, a structural precondition to ensure spill-over effects has to be met: The level of collective bargaining coverage has to be so inclusive that the bargaining strategies of a critical mass of actors spill over to other bargaining units that are less engaged into bargaining coordination. Empirical evidence suggests that coverage rates of 50 per cent and above suffice to produce such effects (Marginson and Traxler 2005). According to Traxler et al. (2001) an inclusive coverage is contingent on either multi-employer bargaining in combination with extension practice or functional equivalents such as compulsory membership in employer associations)

or multi-employer bargaining systems in combination with a high organisational density of trade unions. The member states clearly diverge with respect to these institutional requirements. In the 'old' member countries – with the exception of the United Kingdom – coverage is inclusive whereas in the central and eastern European member states coverage is marginal due to the predominance of single-employer bargaining which renders statutory extension provisions – where they exist – ineffective. Thus, two conclusions can be drawn: First, the mode of pattern bargaining is only one path for the transnational coordination of collective bargaining, and it has to be complemented by centralised, top-down regulatory initiatives within a multi-level system of European industrial relations. Second, the institutional requirements to ensure the effective functioning of pattern bargaining are met only in certain sectors. The sector-based empirical analysis of this study indicates that pattern bargaining can not be regarded as being generally appropriate *per se*.

II. EMPIRICAL ANALYSIS

2. Research Questions and Meta-Assumptions

The advanced internationalisation of markets and the completion of the European Economic and Monetary Union (EEMU) gave new impetus to the systematic analysis of the transnational coordination of collective bargaining policies. Since the countries of the Eurozone have been deprived of their instruments for the adaption to asymmetric shocks, the question of the efficiency of initiatives aiming at the cross-border coordination of wage policy is of particular relevance. The harmonisation of monetary policies in the framework of the EEMU and its limiting implications on finance and budget policies in the member countries shifts the burden of adjustment to disruptive economic developments within the Eurozone on to wages. The enlargement of the EU increased differences in wage levels to a considerable degree and thus the danger of wage dumping. Therefore, the wage political actors play a key role in the coordination of collectively negotiated wage increases within the EU.

It was however not only the functional and economic necessity for bringing in line collective bargaining policies across borders that gained weight; Pronounced processes of diversification brought about increasing heterogeneity within and between the national systems of industrial relations and determine the conditions and requirements for the functioning of efficient transnational coordination mechanisms (Marginson and Sisson 1998). Thus, inferring a general trend to convergence in terms of the decentralisation of collective bargaining throughout Europe (Lash and Urry 1987) would be a grossly simplistic assessment. Although in almost all systems of industrial relations the company and plant level has grown in importance with regard to the conclusion of collective agreements since the early 1990ies – and further spurred by the completion of the EEMU and the accession of new member countries in 2004 and 2007 – a Europe-wide process of ‘disorganised decentralisation’ (Traxler 1995) can not be observed. The social partners in the member countries responded to the highly heterogeneous requirements by adopting greatly varying strategies on both the national and the sectoral level. Since in the majority of EU member countries a multi-level system of collective bargaining is in existence, decentralisation has been embedded in arrangements for the coordination of wages and collective bargaining on levels higher than the individual company or the sector. The reason for the high variety of adaption and reaction strategies of collective bargaining actors is the embeddedness of their actions in the institutional framework of the national systems of industrial relations. From a historical perspective, the paradigm of ‘path-dependence’ according to which the social partners’ options and strategies of action are shaped by the structural conditions and peculiarities of the

countries' industrial relations systems (e.g. North 1990) can be invoked in this respect. The persistent diversity of national industrial relationship systems despite existing pressures originating in the internationalisation of markets gives evidence for path-dependence rather than for convergence. Even though in periods of transformation, i.e. during the oil crises of the 1970ies, a direct market-driven effect on institutional variables cannot be found (Traxler et al. 2001). This findings underscore the assumption that market forces only indirectly affect labour relationships, and that they are filtered and processed by institutions (Hyman 1999).

The responsiveness of collective bargaining systems, i.e. their capacity to adapt to monetary policy requirements by controlling wage developments, has been addressed in a number of studies (e.g. Hall and Franzese 1998, Iversen and Soskice 1998, Traxler and Kittel 1999, Iversen 1999, Traxler 2000). 'Wage policy responsiveness' (Traxler 2000, 4) refers to the extent of efficiency of wage policy coordination on the national, intersectoral level by the capacity to deliberately bringing in line the wage-setting institution's decisions with the decisions of external actors (Traxler 2000, 7). A high extent of responsiveness is best guaranteed by bargaining systems where centralised, intersectoral coordination mechanisms are completed by legal-institutional instruments such as a peace obligation for collective agreements in force and the legal enforceability of collective agreements which ensure the compliance of subordinate levels of actions (i.e. 'vertical coordination'). However, non-hierarchical, decentralised mechanisms of wage political governance in the form of patter-setting of a particular sector characterised by a high degree of vertical macroeconomic integration (i.e. the metal sector) may serve as a functional equivalent of centralised bargaining coordination when it comes to ensure the intersectoral coordination of wage policies aiming at taking differences in sectoral productivity developments into consideration (see section 1.5.3.1). A deficient structural responsiveness is inherent in such bargaining systems in which the macroeconomic coordination is carried out at the peak-level of bargaining parties but the institutional preconditions to ensure a high degree of vertical compliance are not provided for (Traxler and Kittel 1999).

The extension of wage and collective bargaining coordination mechanisms to a 'transnational scope' and the hence changed economic interdependencies and power and interest configurations arising from the enlargement of actors involved imply a diversified and multi-level approach to coordination. On the one hand the need for intersectoral wage restraint decreases as within the macroeconomic regime of the EMU the containment of price inflation takes precedence over other macroeconomic goals. In return, wage policy actors of the sector level gain additional room to manoeuvre to pursue a productivity-orientated wage policy both on the national and the transnational level. The importance of sector-level bargaining

coordination approaches is further underscored as only decentralised and flexible coordination mechanisms guarantee the cross-border concertation of national collective bargaining policies. In general, two approaches which take on the form of a 'twofold model of European ,pattern-bargaining' that potentially can link together national and transnational coordination of wage policies and help to accommodate the need for national flexibility and European coherence' (Dolvik 2000a, 45) can be conceived. With regard to the *sectoral* level these two approaches on transnational collective bargaining coordination can be summarised as follows (cf. Dufresne and Mermet 2002, see also sections 1.4.1. and 1.4.2):

- 1) A Europe-wide form of cross-country pattern bargaining by a certain sector whereby the unions in the metal sector have been the first to establish structures for the transnational coordination of collective bargaining. A typical example of such a multilateral union initiative are the transnational collective bargaining networks in the European metal sector that centre around several district organisations of the German IG Metall and comprise a number of partner unions from neighbouring countries such as Poland, the Czech Republic, Belgium, the Netherlands, France and Austria (Gollbach and Schulten 2000).
- 2) A 'centralised' cross-border coordination approach to the level of the European Industry Federations (EIF) which aims at the Europe-wide harmonisation of intra-sectoral employment conditions and collective (wage) bargaining through the conclusion of joint agreements, declarations and the adoption of European directives.

The fundamental problem inherent in the transnational coordination of collective (wage) bargaining policies is the *incompatibility* of certain goals of the *national* and the *European* level. The European multi-level system of industrial relations is based on the interplay between national and European actors of different level of action. The Europe-wide concertation of national bargaining policies obviously requires the involvement of organisations with nationally limited organisational domains and mandates for negotiation. This ambiguity with regard to actors and institutions and their strategies of action which contribute to the constitution of the 'European' system of industrial and labour relationships determines the course of the transnational coordination effect. Thus, the concertation processes and strategies can be attributed either to national or supranational European organisations in the sense of '*upstream*' or '*downstream*' effects of coordination. Dolvik for instance conceives '*national cross-sectoral coordination* of collective bargaining either trough centralised concertation or by industrial pattern-bargaining, conditioning (upstream) national participation in European co-ordination and transposing (downstream) European margins and parameters into national systems in accordance with different national and sectoral conditions' (Dolvik 2000a, 46) in his model of

‘European pattern-bargaining’.

Considering the two alternative forms of inter-sectoral coordination of collective bargaining the danger of the centralised national concertation which is opposed to transnational coordination goals becomes evident. A competitive relationship between national and cross-border coordination mechanisms emerges when a country deliberately pursues a competition-orientated macroeconomic coordination of wage-setting and collective bargaining. Thus, national pacts for competitiveness incorporate the danger to trigger off a downward-spiral of wages and may even develop into a ‘beggar-my-neighbour’ policy. In order to counter tendencies of wage dumping national trade unions of some sectors have set up co-ordinations within bargaining networks aiming at the exchange of information prior to collective wage bargaining rounds. A systematic union-led coordination of collective bargaining further requires the adoption of joint principles and parameter for wage-setting which are usually orientated towards inflation and productivity growth. Such ‘coordination guidelines’ have the advantage of providing for sufficient room of manoeuvre for national wage bargainers in order consider national and sectoral differences in productivity growth when formulating their wage goals and demands.

This study is based on four general assumptions. First, it has to be pointed out that cross-border initiatives for the coordination of collective bargaining policies are almost exclusively driven by unions. The cross-border coordination of wages and labour standards is clearly not in the interest of business in order to make use of wage differentials and different working conditions within the EU. Even on the national level, the most important incentive for entering into collective bargaining with the unions’ side, i.e. taking wages out of competition, has lost its influence with the increasing internationalisation of markets (see section 1.5.2.3.2). Hence, this study focuses on the coordination strategies and perceptions of trade unions. Second, transnational collective bargaining coordination takes place within a multi-level framework of national and European industrial relations. Overlapping areas of action of a multitude of social partner organisations emerge on company, national and transnational level and intersect between sectoral lines. The hierarchical dimension which is always inherent in collective action additionally refers to both national and European bargaining agents. Thus, structures of decision-making and action are shaped by top-down and bottom-up effects that co-exist and mutually influence each other. The vertical level of transnational action corresponds to the concepts of ‘centralised’ and ‘decentralised’ patterns of Europeanisation of collective bargaining. As laid out below (cf. sections 1.4.1. and 1.4.2), centralised Europeanisation refers to EU-level activities initiated by the European Industry Federations (EIF) and the cross-sectoral European federations of labour such as the European Trade Union Confederation

(ETUC). The decentralised pattern of Europeanisation arises from union action on the national and regional levels and thus refers to bottom-up strategies by the members of the European peak-level organisations. Thirdly, the focus of this study is the transnational *sector* level. Coordination activities that involve unions on the level of multinational companies are not considered although it is undisputed that both levels are complementing each other in a multi-level system of industrial relations. With regard to the horizontal dimension of collective bargaining, i.e. coordination between industries, it is mainly intra-industry coordination that is carried out by unions. However, aspects of cross-industry co-operation on the European level are considered in the conception of unions' collective bargaining activities and emerging processes of mutual 'political learning'. Fourth, the scope of this study includes the EU15 countries. This somehow 'constrained' approach is justified in view of the complexity of collective bargaining mechanisms on the transnational level. The data-based approach of this study contributes to the analytical stringency and comprehensiveness. However, it clearly has limits with regard to the incompleteness of comparable data in the new member states. What is more important is that empirical evidence underscores the far-reaching variety of bargaining structures and practices within the western European member states. Thus, for investigating the underlying research question a focus on the 'old' member states is fully sufficient in order to draw conclusions on the conducive and hindering factors of transnational collective bargaining coordination. Coordination mechanisms with a cross-border dimension are still in an incipient stage and they are rather informal and fragmented in most sectors. Taking into consideration the difficulties that such initiatives have to face even within the relatively strongly institutionalised systems of collective bargaining and employee representation in western Europe, it is safe to assume that the conditions for the establishment of cross-border initiatives are more unfavourable in the CEE countries. In order to limit the 'western' bias of the study, the question of the integration of the new member countries into coordination activities initiated by the EIF is taken into consideration in the qualitative part of the analysis. With regard to inter-union co-operation aiming at the cross-border coordination of collective bargaining, it can not be avoided that initiatives between CEEC got out of sight since they are beyond the scope of this study.

3. The dependent variable: Operationalisation of the concepts of centralised and decentralised patterns of Europeanisation of collective bargaining policies

The operationalisation of a process-based concept such as the Europeanisation of collective bargaining has to consider the evolutionary aspect of the development of industrial relations structures on the European level (cf. section 1.4). For both the decentralised and centralised patterns of Europeanisation the operationalisation has to take into account the constantly changing nature of the legal-institutional and normative structures that shape the sphere of action for European and national social partners. Since the transnational coordination of collective bargaining policies is still perceived as a 'learning experience' or a learning process by social partner actors, their perceptions with regard to the importance and effectiveness of a certain coordination approach is subject to change. Purpose and function of a cross-border coordination of collective bargaining are assessed differently by relevant bargaining agents of the European and national levels. Thus, collective bargaining policy coordination does not rank high on the agenda of all EIF. The same holds true for their national affiliates. Their inclination to embark on a decentralised approach of Europeanisation depends on their perceived interest in coordinating bargaining issues and demands with unions from other countries. Thus, the cross-border coordination of collective bargaining is not a well-entrenched practice among trade union organisations nor is it perceived as a self-evident task for trade union activities. The difficulty of operationalising decentral and central Europeanisation patterns stems from this ambiguity of actor perceptions and practices.

Collective bargaining coordination of the European level occurs in various forms including strongly institutionalised arrangements such as the approach pursued by the EMF and very 'loose', ad-hoc projects between trade unions from different countries. Likewise, the geographical scope as well as the issues subject to coordination efforts varies largely between sectors and groups of countries. In this respect, the metal sector's arrangement is distinct from other sectors since it includes all countries in which the EMF has member organisations. The topical range of bargaining issues and aspects including wages, working time, vocational training, pensions and retirement provisions is outstandingly comprehensive in the metal sector and affects collective bargaining on the national level.

Transnational coordination initiatives have become a multi-level and multi-faceted phenomenon. The multitude of reciprocal interactions between actors of different levels involves both top-down and bottom-up effects. On the one hand, the European Industry Federations and the ETUC lay down the basic framework for the Europe-wide coordination of collective bargaining, and on the other hand, national unions initiate cross-border projects for

the coordination of their bargaining strategies. These two main lines of interest formulation and decision-making can be characterised as follows: First, 'centralised', top-down processes originate from the level of the EIF and second, 'decentralised' bottom-up processes are launched by the national affiliates of the European sector unions. Bargaining coordination patterns vary widely between sectors with the centralised element dominating in some industries and the decentralised pattern prevailing in other sectors. In the following two sections, the centralised and the decentralised pattern of Europeanisation are defined in detail.

3.1 Conceptualisation of the centralised pattern of Europeanisation

A 'centralised' approach to transnational collective bargaining coordination is characterised by the strong involvement of the respective EIF. The EIF has a pronounced and acknowledged role in shaping the policy approach to collective bargaining coordination. The organisation determines the normative orientation and the strategic approach to the Europeanisation of collective bargaining in the respective sector. The strategic repertoire of the EIF includes the formulation of common goals and policy guidelines, the proposition and adoption of an instrument for the coordination of collective bargaining such as the metal sector's European Coordination Rule (cf. 7.1.4) and the establishment of a formalised structure for monitoring and evaluating the implementation of common goals and criteria. Besides, the EIF has a strong coordination and surveillance function by providing a platform for the cross-border exchange of collective bargaining information. In addition, the EIF promotes the transnational coordination of collective bargaining across sectors and actively contributes to further Europeanisation in this policy field by the information exchange with representatives from other EIFs. Promoting coordination activities is of particular relevance since the transnationalisation of collective bargaining is still in an incipient stage and perceived as a learning experience by the involved actors. Due to its pioneering role in the field of transnational collective bargaining coordination, the EMF has attained some 'expertise' recognised by EIF of other sectors. Thus, inter-sectoral activities in the field of collective bargaining are one of the features of a centralised path of Europeanisation.

3.2 Conceptualisation of the decentralised pattern of Europeanisation

The decentralised path of Europeanisation of collective bargaining is defined as inter-union coordination activities (see section 1.4.2) that – to a more or lesser extent – involve the European Industry Federations. However, the EIF does not play an active role in determining the political approach to collective bargaining coordination between national affiliates. Rather, the member organisations are highly autonomous in entering into co-operations with unions from other countries. Scope and issues of coordination are decided upon by the unions participating in such cross-border co-operations. Typically, topics that are perceived as suitable for the cross-border coordination are vocational training, lifelong learning or work organisation-related issues. The low degree of institutionalisation of bi- or multilateral union co-operations is underscored by their ad-hoc character. Frequently such co-operations are project-based and financed by European Funds. If at all, they are only loosely integrated into the formal structures of the EIF.

3.2.1 The metal sector as the starting point for the operationalisation of the Europeanisation of collective bargaining

In order to set up a framework for the operationalisation of the decentralised pattern of Europeanisation, one has to consider particularly the collective bargaining approach in the metal sector. The European Metalworkers' Federation (EMF) established a 'collective bargaining policy committee' as a forum for the regular exchange of bargaining information among national member organisations as far back as in 1971. The increased cross-border coordination efforts of the EMF in the early 1990ies as a response to the completion of the Single European Market and the planned European Monetary Union lead to the formulation of principles on a coordinated approach of collective bargaining policy. In order to contain wage dumping and the undermining of social standards, the EMF promoted a productivity-orientated collective bargaining strategy (Schulten 1998). At its first Collective Bargaining Conference in 1993 the EMF launched a 'statement of principle on collective bargaining policy': In order to 'guarantee similar wage levels within the Community to the extent that productivity levels draw closer together' (EMF 1993), wage components such as price increases, productivity gains and the income redistribution are to be emphasised as coordination goals. In the following years the EMF laid down the procedural rules and guidelines for a coordinated approach of collective bargaining. On the basis of the Action Programme adopted at the 8th EMF General

Assembly in Vienna (1995)²⁰ the EMF promotes the following goals at the 2nd Collective Bargaining Conference (1996): a regular, i.e. half-yearly, and comprehensive reporting system about developments in collective bargaining in the EU member states, regular meetings of national collective bargaining experts, the exchange of foreign trade unionists in national collective bargaining, the synchronisation of national collective bargaining rounds and the promotion of joint European initiatives and campaigns. Other bargaining goals aim at the reduction of working time²¹, the limitation of atypical employment contracts and the formulation of minimum standards for working conditions (EMF 1996). The EMF took on a pioneering role in formalising criteria and procedures aiming at the coordination of collective bargaining policies on the European level. On the European, inter-sectoral level, a similar approach has been formally adopted only in 1999 when the ETUC agreed on a European Coordination Rule which also incorporates quantitative wage goals (ETUC 1999).

In 1997, an initiative lead by the IG Metall – with the support of the EMF – aiming at the establishment of cross-border collective bargaining partnerships set a cornerstone for the transnational coordination of collective bargaining policy (cf. section 9.1.4). In a bottom-up process, all IG Metall districts embarked on a common strategy with their respective neighbouring union organisations. In so called transnational bargaining ‘networks’ (cf. table 17), collective bargaining experts from different countries entered into a direct exchange. Union officials would be ‘accorded the reciprocal right to participate in all relevant bargaining events’ including negotiations (Gollbach and Schulten 2000). One of the most remarkable innovations was the participation of foreign trade union representatives as observers in collective bargaining negotiations with the employers’ side. The first among these networks was the IG Metall district of North Rhine-Westphalia, the Belgian Christian CCMB and the socialist confederation CMB, the Dutch social-democratic FNV Bondgenoten and the Dutch Christian Bedrijven Bond. In 1999, the cooperation expanded further eastwards with the participation of the Slovenian SKEI, the Slovak KOVO, the Czech KOVO and VASzASz from Hungary in the bargaining network pertaining to the IG Metall district Munich (Bavaria) that already had established co-operational links with the Austrian GMTN (Metalworking, Textiles, Agriculture and Food-processing Union) and its successor organisation GMBE (Metalworking, Mining and Energy Workers’ Union). The fact that wage bargaining coordination between Austria and Germany has been carried out – though on a more informal basis – for a longer period of time (Traxler et al. 2008b), has been conducive to the adoption of a Memorandum on

²⁰ European Metalworkers’ Federation (EMF) (1995), EMF Action Programme 1995-1999, adopted at the 8th EMF General Assembly, Vienna 20-30 June 1995

²¹ The EMF considered working time as a prior collective bargaining goal. In 1998, the EMF Working time charter was approved by the EMF General Assembly in Luxembourg, 1st-2nd July 1998.

Interregional Collective Bargaining Policy that brought together IG Metall of Bavaria, GMTN, and their counterparts from the Czech Republic, Slovakia, Slovenia, and Hungary ('Vienna Memorandum Group') in 1999. The district Berlin/Brandenburg-Sachsen set up links to the Polish NSZZ Solidarnóć and to KOVO from the Czech Republic. By the end of 1999, cross-border bargaining networks have been established in all IG Metall districts (Gollbach and Schulten 2000).

Despite the fact that the inter-regional bargaining networks in the metal sector vary with regard to the regularity of meetings, the intensity of exchange of information and trade union officials, they have several characteristics in common. Therefore, they are drawn on to construct a model for transnational, union-led collective bargaining co-operations in different sectors. The typical elements summarised below served as the basis for the construction of the semi-structured questionnaire for trade union experts from the EIFs. The following elements can be distinguished (table 3):

Tab. 3 – The ‘Archetypical’ Collective Bargaining Coordination Model of the metal sector:

<p>1. Centralised, top-down elements</p> <ul style="list-style-type: none"> • EIF Bargaining Coordination Strategies: <ul style="list-style-type: none"> - Formalised structure of decision-making, e.g. internal committees, working or steering groups on collective bargaining - Common Rules and Guidelines e.g. EMF European Coordination Rule - Coordination instrument for wage bargaining, e.g. bargaining formula, qualitative aspects - Database on developments in collective bargaining, in particular wage developments - Electronic exchange systems on day-to-day collective bargaining and European social policy information - Monitoring and reporting system - Cooperation in collective bargaining with other sectors, integrated cross-sectoral systems of collective bargaining coordination - Common demands on qualitative collective bargaining topics, i.e. Common Demand on Training (EMF 2004)
<p>2. Decentralised, bottom-up elements</p> <ul style="list-style-type: none"> • Inter-union Coordination and Cooperation: <ul style="list-style-type: none"> - Form of the most important collective bargaining initiatives: networks, projects, co-operations (e.g. Vienna Memorandum Group) - Most important issues - Functioning and proceedings of the collective bargaining initiative/s: regularity of meetings, information exchange, exchange of international union representatives etc.
<p>3. Process of political learning – top-down and bottom-up processes</p> <ul style="list-style-type: none"> • Inter-union decision-making and cooperation: best practice, exchange of information and experts from other national union organisations of the same or other sectors; • EIF Bargaining Coordination Strategies: best practice, exchange of information and experts from other EIFs, formal or informal inter-sectoral co-operations on the coordination of collective bargaining;

3.3 Alternative, ‘non-collective bargaining’ approaches

Although collective bargaining is the most important instrument of social partners to determine wages and working conditions, other policy strategies could be pursued by trade unions – either to complement ‘classic’ collective bargaining or as an alternative approach to the conclusion of collective agreements. On the European level, two main strategies of social partner organisations can be distinguished. First, the targeted lobbying of the Commission and other European institutions in the field of European social policy is a common strategy of certain EIF. Second, the conclusion of social partner agreements in the framework of European social dialogue on the sector level is considered as an alternative or supplementing approach in order to safeguard working conditions throughout Europe. Although European social dialogue takes place both on the inter-industry and on the sector level, it is the sector level and its actors that are focused on in this study. Thus, only the sectoral dialogues are considered as a tool to set minimum standards for the regulation of working conditions transnationally. In the following sections both ‘alternative’ actors’ strategies are described in more detail.

3.3.1 Lobbying the EU legislator

Certain factors – mostly in the economic sphere – are conducive to a ‘legislative’ approach pursued by EIF. The hypothesised relationships between certain economic and institutional conditions that are prevailing in a particular sector and the probability that sectoral union actors embark on an approach to lobby the EU legislator in order to maintain and improve working conditions in the EU are summarised in section 4.1. However, since the perceptions of relevant EIF representatives are crucial for the adoption of a certain strategic approach, the question of an alternative, i.e. ‘non-collective bargaining’ approach, in order to determine wages and working conditions transnationally is considered in the expert interviews. Thus, the relevance of ESSD as a tool for transnational collective bargaining is addressed in the sector analyses.

3.3.2 European social dialogues on the sector level

European social dialogues cannot be left out when addressing the topic of Europeanisation of industrial relations in general and collective bargaining in particular (cf. section 1.3.1). In contrast to the ‘lobbying’ approach, the European social dialogue on the sector level (ESSD) provides for an additional tool for EIFs and the respective employer organisations of the European sector level that enables them to enter into collective bargaining in the ‘narrow

sense'. However, the results produced in the framework of ESSD are not comparable to collective agreements concluded by national social partners. The legal bindingness of social partner agreements concluded on the European level is rather limited. Only if the agreement is implemented by Council directive the legal enforceability is guaranteed. The implementation of 'autonomous' social partner agreements is carried out in accordance with the procedures and parties specific to the social partners in the member states (Article 139(2)), and may therefore result in a considerable degree of variation of standards implemented by national law or collective bargaining.

It is hypothesised that certain sector-specific conditions increase the probability that trade union actors enter into negotiations or deliberations in the framework of European sector social dialogue (cf. section 4.1). However, due to the fact that ESSD is an actors-driven process that can not be explained alone by quantitatively measurable indicators, the question whether and to what extent European sector dialogues do *de facto* provide a forum for transnational collective bargaining to European trade union actors has to be addressed in the expert interviews. The following aspects of the relationship between the transnational *coordination* of collective bargaining policies and ESSD as well as the perceived effectiveness of procedural characteristics of ESSD and the achieved results are considered in the qualitative analysis:

First, are European social dialogues on the sector level considered as an additional tool to complement cross-border *coordination* of collective bargaining and directly create Europe-wide minimum standards or are ESSD perceived to stand in a competitive relationship with collective bargaining coordination arrangements established by European and national trade unions? A 'competitive' relationship between both instruments arises when resources for activities on the European level are scarce or such activities of the EIF are not supported by national members.

Second, due to the limited bindingness of texts produced in ESSD the *effectiveness* of the instrument as such could be questioned by trade union actors of both the European and national level. In this respect the perceived purpose of results achieved in the framework of European sector dialogues have to be considered. Dialogue results include not only joint texts but also joint projects and policy instruments such as handbooks and studies. For instance, it can be distinguished between social partner agreements negotiated according to Article 139(2) of the treaty²², recommendations, common positions, declarations, tools and rules of

²² In its Communication 'The European social dialogue – a force for innovation and change', the Commission

procedure²³ (Pochet et al. 2006). Only ‘agreements’ negotiated between European social partners in accordance with Article 139(2) of the Treaty are binding for the signatory partners. Further variation with regard to the implementation originates in the fact that agreements are implemented either as *Council directive* or as *autonomous agreement* implemented in accordance with the procedures and practices specific to the social partners and the member states.

Third, addressing the aspect of intra-union power relationships, the question of how ESSD are perceived by national member organisations is of relevance. Are there certain alliances for or against the engagement of the EIF in ESSD? Are such groupings of support or resistance following national lines?

Fourth, ESSD are an instrument of transnational collective bargaining in the ‘narrow sense’ as they result from negotiations between representatives of labour and business (cf. section I). Thus, it touches upon the inter-class dimension of collective bargaining. How is the role of European employers’ associations be perceived by trade union actors? Is the co-operation with the employers rather constructive – at least on some topics – or is there a general resistance to enter into negotiations with workers organisations? Are employers’ intentions to take up negotiations determined by strategic motives such as to avoid the Commission to legislate (cf. 1.5.2.2)?

Fifth, how is the role of the European Commission in order to foster ESSD and to promote the conclusion of binding agreements perceived by European trade union actors? In recent years the Commission withdrew from actively initiating European social dialogue and from drafting proposals for directives. Instead it promotes ‘autonomous’ dialogue between the European social partners. The influence of the Commission on the agenda of European social partners’ dialogue activities is rather indirect but nonetheless considerable (cf. section 1.3.1).

calls on the European social partners to clarify and unify their terminology with respect to the results produced in the European social dialogues. The term ‘agreement’ should be reserved for texts implemented in accordance with the procedures laid down in Article 139(2) TEC (EC 2002).

²³ Pochet et al. (2006) on their part refer to the categories defined by the European Commission. In its communication (EC 2004), the Commission distinguishes between four main categories, i.e. firstly, ‘agreements implemented in accordance with Article 139(2)’, including the two sub-categories ‘agreements implemented by Council decision’ and ‘autonomous agreements’, secondly, ‘process-oriented texts’ differentiated into the sub-categories of ‘frameworks of action’, ‘guidelines and codes of conduct’, and ‘policy orientations’, thirdly, ‘joint opinions and tools’ sub-categorized as ‘joint opinions’, ‘declarations’ and ‘tools’, and fourthly, ‘procedural texts’.

Since the European Industry Federation's social dialogue activities vary across-sectors – and not necessarily according to certain economic and institutional conditions in the particular sector – these questions are considered in the qualitative analytical approach and are summarised in the sector analyses.

3.4 The relationship between transnational collective bargaining coordination and the 'legislative' approach of EIF

This analysis distinguishes between two principal driving forces of 'Europeanisation'. First, the activities of European and national trade unions with the aim of coordinating collective bargaining policies across borders, either as a top-down process initiated by the EIF, or following the decentralised pattern, as bottom-up process originating in cross-border collective bargaining co-operations of national unions. Second, 'non-collective bargaining' approaches aiming at safeguarding wages and working conditions within the EU in certain sectors by lobbying the EU legislator, or, within the framework of European social dialogues on the sector level. The underlying concepts for those two types of Europeanisation are, on the one hand, the 'coordination' of policies as a process driven by trade union actors, and, on the other hand, the 'harmonisation' of employment and working standards through European regulatory initiatives by the European policy institutions and the European social partners. As laid out elsewhere (cf. section 1.5.2.1) the harmonisation of labour standards can be conceived as 'positive integration' aiming at confining the market forces from the sphere of labour relationships, and juxtaposed against the concept of 'negative integration' as a 'market-making' process through the establishment of conditions that ensure the unrestricted exertion of the four internal market freedoms. However, the idea of 'harmonising' employment conditions within the EU has to be put into perspective since the subsidiary principle that is enshrined also in the field of European social policy, rather aims at the implementation of common norms according to national procedures and practices specific to management and labour and the member states (Article 139 (2)). However, not only the 'voluntary' route towards the Europe-wide regulation of employment conditions within the framework of European social dialogues results in a 'Europe à deux vitesses' where regulation via minimum standards and regulation above the minimum standards are co-existing in the EU27. Moreover, the implementation of European directives results in a certain variation of regulation due to differences in the legal systems of labour regulation in the member countries (Falkner et al. 2005).

Leaving outcome and implementation of regulatory initiatives aiming at the Europe-wide harmonisation and regulation of employment and working conditions aside, the conditions of the adoption of a collective bargaining or a 'legalistic' approach are analysed. In this respect, economic as well as institutional conditions on the one hand, and perceptions and motives for action of European and national social policy actors on the other hand are central to the analysis. With regard to the route towards Europeanisation, the hypotheses below (cf. section 3) postulate the relationships between economic and institutional sector-specific factors and the form the process of Europeanisation, i.e. centralised, decentralised and alternative approaches in the form of European sector social dialogue and lobbying of the EU legislator.

The relationship between Europeanisation through the coordination of collective bargaining – either according to the centralised or the decentralised pattern – and alternative 'legislative' approaches is specified as *complementary* with regard to most of the factors identified. The only exceptions are two factors, i.e. *labour mobility* and *export dependence*. The EIF of a sector where labour mobility is high, will refrain from top-down approaches on the transnational coordination of collective bargaining policies and from investing resources for the establishment of centralised systems for the exchange of collective bargaining information and the reporting and monitoring of coordination activities by national affiliates. Rather, European social partners will pursue a strategy of directly influencing the EU legislator to adopt measures which guarantee equal employment and working conditions for *all workers* within a certain sector and a national territory in order to avoid a down-ward race between member countries with regard to labour standards. The opposite relationship between collective bargaining and a 'regulation approach' of Europeanisation is postulated with regard to the export dependence of a sector. Trade union actors in export-orientated sectors favour collective bargaining coordination strategies over the Europe-wide harmonisation of wages and working conditions as regulation is not perceived as an efficient instrument in highly internationalised markets (see section 4.1).

4. Identifying the independent variables: Guiding Hypotheses on the relationship between economic and institutional factors and the pattern of Europeanisation

In the following section, the relationships between economic, sector-related factors on the one hand (see section 4.1.1 to 4.1.4), and institutional (sector-specific) factors on the other hand (see section 4.1.5 to 4.1.9), and the distinct form of Europeanisation – both of collective bargaining policies and alternative ‘non-collective bargaining’ strategies – will be hypothesised. The *economic* dimension of explaining factors is covered by the following key variables: First, *labour mobility*, second, *capital mobility*, third, *export dependence* and fourth, *product market regulation*. The distinctive sector-specific relevance of these factors is taken into account by the selection of sectors that are considered in the analysis. The selection of sectors was guided by the hypothetical relationships between economic and institutional factors and the phenomenon of Europeanisation as laid out in more detail in section 6. Since in this analysis the operationalisation of institutional factors requires more demanding conceptual considerations than that of the economic factors, a separate section deals with the operationalisation of the institutional factors of the national systems of industrial relations (cf. section 5.1). Hypotheses under point a. refer to postulated assumptions with regard to the *centralised* pattern of Europeanisation, i.e. top-down approach to transnational collective bargaining coordination. Hypotheses b. refer to relationships between independent variables and *decentralised* forms of Europeanisation, i.e. cross-border coordination initiatives of national unions, and hypotheses under point c. formulise assumptions on relationships between the respective factors of influence and *alternative, ‘non-collective bargaining’ approaches* aiming at safeguarding working standards throughout Europe. Hypotheses are postulated only if the factor of influence is of relevance for the occurrence of the dependent variable.

It has to be noted that all hypotheses – with the exception of hypothesis 5 (cf. 4.1.5) – aim at postulating relationships between purely *sector-related* variables. Hypothesis 5 specifies the effect of trade union density on the dominating approach to transnational collective bargaining coordination and also touches upon possibly nationally determined power relationships *between* the affiliates of a certain Industry Federation. With regard to all other factors, assumptions on the country dimension of the analysis are left aside. Inter-country differences are analysed by sectors – however in a second step by the means of typologies of the countries sectoral industrial relations systems (cf. chapters 9.1, 9.2, 9.3, 9.4, 9.5, 9.6, 9.7) for the sectors under consideration, i.e. metal, chemicals, food production, telecommunications, construction, banking and industrial cleaning.

4.1. Guiding Hypotheses

4.1.1 Hypothesis 1 – Labour Mobility

It is hypothesised that the factor of the mobility of labour has a positive effect on decentral forms of Europeanisation whereas top-down activities from the EIF are not affected by high labour mobility in the sector. From the initial phase of the development of the common market, the Community law provided for the regulation of labour mobility in order to guarantee free movement of workers (see section 7.1.2). The high degree of European regulation in this field requires the – at least consultative – involvement of European social partner organisation. Hence, the issue of labour mobility ranks high on the social partners' agenda. On issues such as the posting of workers and migrant workers the social partners have played a major role in the legislative process.

H1.a: A high degree of labour mobility is a disincentive for EIF to take on a strong role in setting up structures for the transnational coordination of collective bargaining since they prefer other strategies than collective bargaining to safeguard wages and working conditions of transnationally mobile workers (e.g. lobbying for EU legislation, cf. H1.c).

H1b: A high level of labour mobility in a sector is an incentive for trade unions to initiate cross-border coordination projects and activities aiming at the protection of national/local labour markets and standards. Such autonomous inter-union co-operations are not backed by EIF policies and instruments for the Europe-wide coordination of collective bargaining.

H1c: A high degree of labour mobility in a sector is an incentive for the European social partners to directly press the EU legislator for legislative initiatives. Thus, lobbying the Commission and other EU institutions in order to guarantee legally binding Europe-wide minimum standards is an important strategy of the EIF.

4.1.2 Hypothesis 2 – Capital Mobility

The increased mobility of capital indicated by the steady increase of foreign direct investments is considered as a major threat for the well established labour standards, wages and institutions of collective bargaining since it allows investors to embark on a strategy of 'regime shopping' by relocating production sites to lower-standard countries. The asymmetric relationship between the advanced integration of international product, financial and capital

markets on the one hand and the undermining of nationally entrenched institutions for the regulation of the labour market on the other hand reinforces downward pressures on wages and labour conditions (see section 1.5.2). The constant long-term decline in the adjusted wage ratio (i.e. the share of wages and salaries in national income) is an undisputable empirical evidence for the waning bargaining power of labour (e.g. Schulten 2002). The asymmetric power relationship between capital and labour is reflected in the fact that the mere threat to relocate puts trade union bargainers and labour representatives in a defensive position that often results in concession bargaining, a practice that is widespread within multinational corporations (e.g. Hancké 2000, Funk 2004, Dribbusch 2004b). However, with the beginning of the 1990ies, trade unions engaged into cross-border initiatives for the coordination of collective bargaining to counter the threats resulting from the increased mobility of capital. The implementation of the European Monetary Union that further reduced the autonomy of national governments and social partners due to the common monetary policy and its implications on financial, budget and wage policy was perceived as the most important reason to adopt a 'European' approach to collective bargaining by trade unions. Against the background of the EMU, the establishment of a European system of collective bargaining is regarded as a means to counteract businesses' tendency to 'regime shopping' and coercive wage comparisons across borders (Freyssinet 1996, Jacobi 1996, Sisson et al. 1998). Trade unions in the metal sector were among the pioneers in establishing structures and instruments for the transnational coordination of collective bargaining (see section 1.2.3). Since the European Central bank strictly pursues a stability-oriented monetary policy approach it deprives the member states of economic and monetary policy instruments to adjust to economic imbalances. Thus, the burden of adjusting to asymmetric shocks is mainly left to the national labour markets (Eichengreen 1997). For this reason, the coordination of wage policy is the prior goal of cross-border collective bargaining coordination (Gollbach and Schulten 2000). However, other topics such as the coordination of working time, vocational training and lifelong learning are also gaining in importance. The eastern enlargement of the EU further intensified downward pressures on labour standards. Within the boundaries of the Community, two distinct labour market regimes can be distinguished. On the one hand, the 'old' member states have so far proved to widely safeguard their well established labour market institutions, pervasive multi-employer collective bargaining, far-reaching employee participation rights, a comparably high degree of labour market regulation and high labour standards. On the other hand, in the 'new' eastern and southern European member countries with dominating single-employer bargaining arrangements, weakly organised labour market interests on both the employees' and the employers' side, voluntary and weak employee participation structures and a large extent of 'non-standard' and 'clandestine' work are opposed to the implementation of high labour standards. As a consequence, a large number of European Industry

Federations consider the adoption of common minimum standards on health and safety, workers' protection, vocational training, equal opportunities, 'atypical' employment forms and the maintenance of the competitiveness of the sector in the framework of the European social dialogue as an option for the regulation of the labour market in an enlarged Europe. However, the inclination of the European social partners to enter into deliberations – irrespective of 'negations' – varies along sectoral lines. Despite contrasting interest constellations between trade unions and employers' associations with regard to the regulation of the labour market, compromises are easier found on legally non-binding minimum standards, an outcome of European social dialogues that is most frequent. Thus, the voluntary nature of common agreements reached in the European social dialogue contributes to overcome the employers' reluctance to enter into talks with the trade union side.

H2.a: A high degree of capital mobility sets an incentive for European Industry Federations to agree on European minimum standards and thus to adopt top-down elements for collective bargaining policy coordination.

H2.b: A high level of capital mobility fosters the establishment of purely decentralised, trade union-led initiatives for the cross-border coordination of collective bargaining.

H2.c: A high degree of capital mobility sets an incentive for European Industry Federations to agree on European minimum standards within the framework of European sectoral social dialogue.

4.1.3 Hypothesis 3 – Export dependence

It is assumed that a high degree of integration of a sector into the global economy fosters both centralised and decentralised forms of Europeanisation. The issue of enhancing the competitiveness of a sector is considered as an incentive for employers to enter into talks on a transnational level. Due to the export dependence and the high level of internationalisation of markets, topics such as vocational training, research and development as well as innovations and industry policies that are tangent to areas such as labour market and employment policy are more to a greater extent addressed on the European level. The inter-relatedness of certain aspects of competitiveness and social issues allows for log-rolls and package deals between social political actors and thus facilitates agreement between the two sides of industry (cf. section 1.4.1).

From the trade unions' point of view, intensified efforts to coordinate collective bargaining across borders are made in order to counter the international mobility of capital. Competitive pressures originating from the export dependence of a sector affect collective action of trade unions in two respects. First, in contrast to 'sheltered' sectors where production and employment are bound to the location of consumption (e.g. most areas of construction and services), in exposed sectors production and employment are disconnected from the location of consumption and can be relocated on a transnational scale (Marginson and Traxler 2005). Hence, for trade unions in exposed sectors which are subject to global competitive pressures, the transnationalisation of collective bargaining ranks high on their agenda. Second, producers in sectors that are subject to international competition are less able to shift higher wage increases to output prices. Price increases in response to pay hikes create negative externalities for industries that are less able to shift their cost increases to their customers (Traxler et al. 2008b). However, the success and effectiveness of transnational coordination activities are demanding in terms of the institutional and organisational prerequisites of the involved bargaining actors. In order to guarantee the functioning of cross-border coordination projects, commonly accepted coordination instruments such as bargaining formulas or guidelines and complex monitoring mechanisms are required. Such elaborated arrangements for the transnational coordination of collective bargaining rest upon the involvement of the higher-ranked European Industry Federations. In addition to the decentralised, network-style approach of coordination, the hierarchical mode of coordination is not at all dispensable in order to mitigate the collective action problem inherent in trade union action (see sections 1.5.2.3 and 1.5.2.4).

H3.a: The stronger the export dependence of a sector, the higher the probability that the European social partners conclude European (top-down) rules and criteria for the coordination of working conditions and the maintenance of the sector's competitiveness.

H3.b: The stronger the export dependence of a sector, the smaller the probability that trade unions engage in a purely decentralised approach to cross-border coordination of wages and working conditions which is not backed by EIF policies and instruments for the Europe-wide coordination of collective bargaining.

H3.c: A high degree of export dependence is conducive for the establishment of institutionalised structures for the transnational coordination of collective bargaining whereas the (statutory) regulation of wages working conditions is not considered as effective by the European social partners in the respective sector. Thus, European trade union actors prefer a *collective bargaining* approach over the *regulatory 'harmonisation'* of working conditions.

A high export dependence increases the importance of competition-related issues which are of general interest for employers. Thus, the conditions for European sector dialogues are favourable in export-dependent sectors as employers are more inclined to enter into deliberations with the employees' side.

4.1.4 Hypothesis 4 – Product Market Regulation

In highly regulated industries, European organisations for the representation of labour market interests actively lobby the Commission and other EU institutions in order to directly influence regulatory initiatives on the EU-level.

Empirical evidence clearly shows that European social dialogues have been more frequent in sectors that have recently been subject to liberalisation or privatisation (Keller and Bansbach 2000). The adoption of Community law is generally considered as a trigger for further regulation activities. 'Soft' regulation in the form of European social partner agreements, guidelines or common texts concluded in the framework of European social dialogues often complements European regulation in the field of competition and industry policy. Liberalisation initiatives of the European Commission foster the perceived need for action among social partners. The pending opening of formerly state-own or state-controlled markets involves new players, many of them with similar or overlapping interests. Hence, interest constellations of employers and employees' organisations can be reconciled more easily and an important obstacle that often prevents social partner organisations from entering into dialogues can be surmounted or does not occur at all.

A similar line of argument is employed with regard to varying strategies in recently liberalised and strongly regulated sectors. De-regulation initiatives on the European level may set an incentive for national trade unions to engage into cross-border co-operation. However, cross-border co-operation is not an evident outcome of market liberalisation. National trade unions in sectors that have been 'sheltered' in the past tend to pursue strategies that are rooted in national spheres of action and interest representation. Therefore, the identification of common issues with a transnational dimension is not a common practice, structures for cross-border communication and information are lacking and joint strategies for action have yet to be built-up or are in a very initial state. The strategic options are more straightforward in highly regulated sectors. EIF rather pursue a lobbying approach than establishing structures for the cross-border coordination of collective bargaining policies since collective bargaining is not perceived as the prior instrument for safeguarding working conditions within the EU.

H4.a: In highly *regulated* industries EIF pursue a 'legislation' approach (H4.c.). Since collective bargaining coordination is only a secondary goal, they refrain from establishing top-down elements within a formalised framework for transnational collective bargaining coordination.

H4.b: Market deregulation/liberalisation sets an incentive for trade unions to engage in cross-border coordination initiatives.

H4.c: In recently privatised or liberalised sectors social partners tend to conclude European agreements in the framework of European Sector Dialogues. In sectors which are characterised by a high degree of product and/or labour market regulation, European social partners pursue a 'legislative approach' by lobbying the EU legislator to adopt Europe-wide regulation aiming at the harmonisation of working conditions within a certain industrial sector.

4.1.5 Hypothesis 5 – Organisational density of trade unions

The argument underlying Hypothesis H5.a is that sectoral trade union densities are an indicator to assess inter-union power relationships and to explain national constellations and alliances for the promotion of interests. Since inter-union power relationships can not be grasped in a purely quantitative approach, the perceptions and strategies of national member organisations are analysed by means of qualitative interviews. Although the national institutional setting contributes to explaining inter-union power relationships, the formation of alliances is resulting from strategic decisions of the involved actors. For instance, some smaller and less powerful unions may join strong and influential organisations in order to affect collective action on the level of the EIF.

The organisational density of the involved unions is an important factor for the longer-term functioning of transnational coordination arrangements, in particular for the coordination of wage bargaining. The involvement of strong, representative trade unions guarantees a critical mass of actors that is needed to maintain such initiatives in two respects. First, unions that organise a large share of employees pertaining to their organisational and/or sectoral domain are better capable of ensuring legitimacy of cross-border coordination activities the effects of which go beyond their traditional, nationally-bound membership base but that are in the general interest of the sectoral workforce. Second, within the organisational structure of the respective EIF, strong trade union organisations tend to take on a leading role and to shape the political orientation of the Industry federation. Thus, the existence of strongly organised unions in a sector is a necessary – or at least conducive – but not a sufficient condition for the establishment of viable transnational coordination arrangements.

H5.a: The higher the trade union density of certain national affiliates of the EIF, the more likely are these members to influence the pattern of Europeanisation which is adopted by the respective EIF.

H5.b: The higher the organisational density of the largest trade union of a sector, the higher the probability for bi- or multilateral cross-border initiatives for the coordination of collective bargaining which are not backed by EIF policies and instruments for the Europe-wide coordination of collective bargaining.

4.1.6 Hypothesis 6 – Concentration of the associational system of IR

A high degree of associational concentration is generally regarded as a supporting factor for policy coordination. The assumptions postulated in hypothesis H6.a can be drawn back to two institutional features that directly affect associations' collective actions. First, the size of interest organisations generally decreases with their number. Hence, larger organisations do have more encompassing domains than smaller ones. According to theoretical considerations laid out elsewhere (see sections 1.5.2.4.1 and 1.5.3.1) the associations' ability to internalise negative externalities of their collective actions increases with their domain comprehensiveness. This is particularly true in collective wage bargaining where more encompassing, i.e. inter-sectoral, organisations are less able to externalise the negative effects of excessive wage rates such as increased unemployment and inflation to other actors outside their organisational domain. In contrast, particularistic organisations with small and highly specialised domains of interest representation are better able to externalise negative externalities to groups of actors outside their restricted organisational domains. Therefore, larger and more encompassing organisations tend to consider the interests of other actors for their own actions. Thus, it is more likely that they are pursuing strategies that are orientated towards super-ordinated, macroeconomic or even transnational interests. Secondly, in concentrated associational systems with a limited number of actors coordination becomes less difficult. Communicative relationships between actors are less complex and more clearly-cut structured. Therefore, exchange of information is easier. With regard to European social dialogues social partner organisations embedded into highly centralised associational systems on the national level are more likely to engage into the practice of bipartite dialogues on a European scale. The influence of large and encompassing national interest organisations is decisive in this respect since the European Industry Federations as participants to the European social dialogue are able to act only collectively, that is, through their national affiliates.

A contrasting line of argument applies to national trade union organisations with respect to their involvement in transnational initiatives for the coordination of collective bargaining. Although it is true that larger and more encompassing organisations are better capable of surmounting the coordination problem and are therefore better able to pursue a transnationally coordinated approach of collective action (Olson 1965), the coordination problem is attenuated in decentralised, ad-hoc co-operation. Moreover, *internal decision-making* is more intricate and protracted in larger organisations which have to unify more heterogeneous interests within their organisational domain and therefore inhibits ad-hoc and informal collective action on the transnational level.

H6.a: The higher the degree of concentration of the sector's union system, the more favourable are the conditions for the EIF to adopt top-down elements for cross-border collective bargaining coordination.

H6.b: The higher the degree of fragmentation of the sector's trade union system, the higher the probability that unions enter into autonomous cross-border initiatives for the coordination of collective bargaining policies which are not complemented by EIF policies and instruments for the Europe-wide coordination of collective bargaining.

H6.c: The higher the degree of concentration of the sector's associational system, the more favourable are the conditions for sector-level regulatory initiatives in the framework of European social dialogues.

4.1.7 Hypothesis 7 – Level of collective bargaining

A necessary – but by far no sufficient – precondition for the participation of a sector's trade unions in cross-border coordination of collective bargaining policies is the existence of an *associational* bargaining system (in the form of *multi-employer bargaining*), where the organised interests of the labour market parties collectively negotiate over terms and conditions of employment. Multi-employer bargaining, defined as collective bargaining on the inter-sectoral and/or sectoral level, proved to be persistent throughout western Europe – with the exception of the United Kingdom – despite increased internationalisation of markets and competitive pressures in a number of industries. In contrast, in the 'new' member states multi-employer bargaining is less prevalent (Carley 2002). Leaving aside the predominant level of collective bargaining – that was subject to fluctuations in several OECD countries during the 1970ies and 1980ies – the type of the bargaining system, i.e. multi- and single-employer

bargaining systems, did change only in the case of the United Kingdom and New Zealand (Traxler et al. 2001). Beside national differences, the type of the bargaining system varies between sectors. For instance, a low share of multi-employer bargaining in the total of collective bargaining coverage is observed in the transport sector whereas multi-employer bargaining is widespread in the metal sector or in the food industry and in agriculture (Traxler 2007b, Traxler and Adam 2008, Adam 2008, Glassner 2008a). The institutionalisation of patterns and traditions of bipartite dialogues between social partner organisations are highly contingent on the legal and institutional structures of the national systems of industrial relations. Thus, a high degree of path-dependence of the social partners' actions and perceptions on the institutional setting of social dialogue structures is assumed with regard to the practice of bipartite social dialogue.

Although the *coordination mode* of collective bargaining is considered as a more determining factor for the form of Europeanisation than the bargaining *level*, inter-sectoral differences arise rather with regard to the bargaining level. The same does not hold true for the pre-dominating mechanism coordinating collective bargaining between sectors. The mode of coordination represents a crucial feature of a member state's collective bargaining system and is therefore not supposed to vary strongly between *sectors*. Since it is variation with regard to the pre-dominant *level* of collective bargaining that occurs between *sectors* and *not* the key mechanism of bargaining *coordination*, hypothesis 7 is limited to the degree of centralisation of collective bargaining. A more comprehensive analytical overview of the countries' systems of industrial relations that focuses in inter-country differences is presented in the sector chapters on the national system of industrial relations (cf. 9.1.3, 9.2.2, 9.3.2, 9.4.2, 9.5.2, 9.6.2, 9.7.2).

The multi-dimensionality of the functioning of collective bargaining is addressed in section 5.1.2. The construction of an index for measuring the degree of 'responsiveness' or efficiency of a collective bargaining system to coordinate the bargaining process and its results both between sectors and between collective and individual actors on the inter-sectoral, sectoral and company levels is also laid out in more detail in section 5.1.2.

H7.a: In sectors where collective bargaining tends to be highly centralised, EIF pursue a top-down approach to transnational collective bargaining.

H7.b: The more decentralised collective bargaining in the sector, the higher the probability that trade unions enter into cross-border coordination partnerships which are not backed by EIF policies and instruments for the Europe-wide coordination of collective bargaining.

4.1.8 Hypothesis 8 – Mechanisms of collective bargaining

Evidently, the effective coordination of collective bargaining on the national level is a precondition for coordinating collective bargaining policies transnationally (Traxler et al. 2008a, Traxler and Brandl, 2009 forthcoming). Therefore, the coordination capacity of national systems of collective bargaining both across industries and between different groups of employees (i.e. blue and white-collar workers) is used as an indicator for the probability of trade union-led activities aiming at orchestrating collective bargaining policies across borders.

Two forms of coordination are of relevance in this respect: The national system's capacity to coordinate collective bargaining *horizontally*, i.e. between sectors and different employee groups, and *vertically*, i.e. between bargaining agents of different hierarchical levels. In order to guarantee the vertical coordination of collective bargaining, two legal pre-requisites are required, i.e. the existence of a peace clause for collective agreements in force and the legal enforceability of collective agreements (see section 5.1.2). In contrast to hierarchical modes of coordination characterised by top-down coordination of peak-level organisations which rest upon the compliance of lower-level member organisations and the rank-and-file, more decentralised and less hierarchical forms of coordination carried out at sectoral level presuppose less coordination on the vertical dimension. However, fully decentralised coordination at company-level without backing of sectoral and/or inter-sectoral mechanisms of wage coordination does not suffice to guarantee the effective control of wage development (Traxler and Kittel 2000). For reasons which are laid out in more detail elsewhere (cf. section 5.1.2), the most feasible coordination mode that fulfils the preconditions for an effective collective bargaining coordination both horizontally and vertically, and that is equally applicable both on the national and the transnational level due to its flexibility and network-like functioning mode, is *pattern bargaining* (Traxler et al. 2008a, Traxler and Brandl, 2009 forthcoming). Since the concept of pattern bargaining is of prior importance in this study, a section in the theory part is dedicated to this form of collective bargaining coordination and its implications for the Europeanisation of collective bargaining (cf. section 1.5.3.1).

H8.a: The more *non-hierarchical and less centralised* mechanisms for the coordination of collective bargaining, i.e. in the form of *pattern-bargaining*, are prevalent in the system of collective bargaining, *in combination with* the existence of *legal provisions* for the *vertical coordination* of collective bargaining, the more *effective* is the national system of collective bargaining coordination as such, and thus the more conducive are the conditions to adopt EIF-led top-down elements of transnational collective bargaining coordination.

H8.b: The more *non-hierarchical and less centralised* mechanisms for the coordination of collective bargaining, i.e. in the form of *pattern-bargaining*, are prevalent in the system of collective bargaining, *in combination with* the existence of *legal provisions* for the *vertical coordination* of collective bargaining, the more *effective* is the national system of collective bargaining coordination as such, and thus the more conducive are the conditions for national trade unions to engage in purely decentralised, inter-union cross-border collective bargaining coordination initiatives.

4.1.9 Hypothesis 9 – Inclusiveness/Exclusiveness of the system of IR

The collective bargaining coverage rate as the share of employees under a collective agreement in the totality of employees (see section 5.1.1) is the key indicator for the degree of organisation of industrial relations. The classification of industrial relations in 'inclusive' and 'exclusive' systems on the basis of the collective bargaining coverage rate is justified due to the paramount importance of collective bargaining coverage as the central element of organised labour markets. Furthermore, the relevance of collective bargaining coverage for the 'Europeanisation' of industrial relations is underscored by the fact that the two main institutional determinants of the collective bargaining coverage rate, i.e. the existence of a multi-employer bargaining system and the pervasive practice to extend collective agreements to employers which are not members to the signatory parties to the agreement, are considered as the main constituent properties of most western European collective bargaining systems (Traxler et al. 2001). Thus, even in countries where legal provisions to extend collective agreements are lacking or extension practice is marginal, 'functional equivalents' in the form of statutory incentives for union organisation, such as union-administered unemployment schemes, are existing. A high degree of collective bargaining coverage is therefore considered as one of the most important characteristics of strongly organised and persistent industrial relations which can be considered as the pivotal element of a 'European social model' (Traxler 2007a).

It is assumed in hypothesis H9.b that the level of the collective bargaining coverage rate is favourable for the decentral pattern of Europeanisation. Two reasons account for the higher propensity of trade unions to enter into bi- or multilateral cross-border initiatives to coordinate their collective bargaining policies in sectors where collective bargaining coverage is comparably high. First, the preconditions for a high collective bargaining coverage can be regarded as an indicator for *trade union autonomy of action* and their *political influence* on the determination of wages and working conditions. In this respect, the existence of legal rules for the extension of collective agreements is a necessary but not sufficient condition for an

extensive system of collective bargaining. However, the central determinant for the level of the collective bargaining coverage rate is the de facto practice to declare collective agreements generally binding and thereby extend their scope of regulation (cf. 5.1.1). Second, trade union density as an indirect factor for the level of the collective bargaining coverage rate in countries where no extension rules are existing or extension practice is limited (Traxler 1998a) can be regarded an indicator for trade union strength and therefore directly influences trade unions' capacity for cross-border action according to the pattern of *decentral* Europeanisation.

This contrasts to relationship of collective bargaining coverage and the likelihood for European and national trade unions to embark on a centralised approach to the Europeanisation of collective bargaining. It is assumed that collective bargaining coverage has neither a positive nor a negative effect on the propensity of European Industry federations to adopt a top-down approach to collective bargaining coordination. Since top-down initiatives for the transnational coordination of collective bargaining originate in the actions of EIF, the legal-institutional structures of national collective bargaining systems with regard to extension rules and their adoption or other functional equivalents conditions the implementation of measures and agreements but cannot be regarded as an incentive or disincentive for action by European trade union organisations. Only if collective bargaining coverage is *low* and indicates the ineffectiveness of collective bargaining to guarantee provisions of collective agreements for a wide range of sectors and groups of workers, the rationale of social partners is to adopt a 'legalistic' approach in pressuring for legislative regulation of wages and working conditions (cf. section 4.1) and to pursue a lobbying approach to influence decision-making of European policy institutions (see hypothesis H9.c).

H9.b: The higher the collective bargaining coverage rate in a sector (i.e. > 50 %), the more conducive are the conditions to the establishment of transnational networks for the coordination of collective bargaining.

H9.c: The lower the collective bargaining coverage in a sector, the more probable it is that social partners embark on a strategy to lobby EU legislation in order to safeguard wages and working conditions.

5. The economic, institutional and actor-specific determinants of the transnational coordination of collective bargaining: Methodological Remarks

The research design of the analysis draws on three sets of variables as it includes economic, institutional and actor-specific factors. In addition, several levels of the social partners' decision-making are addressed. In this respect, the core level of analysis is the sectoral one, with a focus on both the national and the European scope of union action. However, in the background of a multi-level European system of industrial and labour relationships, it is vital to include the inter-sectoral and the company-level and its implications and interactions with sectoral industrial relations in all stages of the analytical process. Theoretical and methodological considerations were challenged by the aim to separate the sector-specific influences – originating both from economic differences in degree in internationalisation of the market, the integration of the production process, and from structures of sectoral industrial relationship systems – from general, macroeconomic and national, institutional characteristics of the investigated EU countries. This aim clearly increases the complexity of the study, since both types of influences are interdependent. However, the following sector-based analysis focuses on deviations of sectoral economic indicators and industrial relationship structures from the more general picture at the national macro-level and therefore allows for an assessment of pre-dominant forces, might it be sectoral, cross-sectoral or national ones.

With respect to the nature of the analysed data, the fundamental distinction between qualitative and quantitative data is drawn. It is evident, that a purely quantitative analysis would not empirically grasp the nature of the social partners' attitudes, perceptions and decisions with regard to the transnationalisation of collective bargaining. However, quantitative variables on economic conditions in a sector (i.e. export dependence, FDI activities, labour mobility, degree of market regulation) exert a decisive influence as bargainers consider them in their approach to Europe-wide bargaining coordination. The fact that data – that fulfils the requirement of cross-national comparability – on the economic variables considered in this study, i.e. FDI, external trade balance, employment figures and the degree of regulation/liberalisation of the market, are lacking for some sectors and/or variables or are not available on a sufficiently disaggregated level is thus no infringement on the analytical performance of the study. Additional and complementary data on economic sector-specific factors is derived by qualitative methods of data collection. Both the nature of the data and the process of gaining it allow for an – at least – ordinal categorisation of the independent variables. Moreover, they are best suited to develop typologies for analysis and evaluation of the hypothesised relationship between explanatory factors and dependent variables. The table

below (table 4) gives an overview of the explanatory variables, their level of analysis, their operationalisation, their source and their reference to the guiding-hypotheses as postulated in section 4.1:

Tab. 4 – Economic and institutional variables and levels of analysis

Level of analysis (Hypothesis)	Factor (variable abbreviation)	Variable/Indicator:	Source:
<i>Economic Variables</i>			
Sector-level (H1)	Labour mobility (lmob)	‘EU15 foreigners’ + ‘Other foreigners’/total employment (by NACE), 2001	Eurostat/Population/Census/National census round 2001/active population
Sector-level (H2)	Capital mobility (fdi)	FDI: ‘Inward Investments from abroad: inward position’, + ‘Outward investments abroad: outward position’/nominal GDP (current prices)	International Direct Investment Statistics Yearbook 1992-2003, OECD 2004
Sector-level (H3)	Export dependence (exp)	‘External trade by products’, indicator ‘EXPORT Flow’	UNCTAD Handbook of Statistics 2007, On-line.
Sector-level (H4)	Extent of product market regulation (pmr)	Index of product market regulation (cf. Annex 8)	OECD Indicators for Product Market Regulation (2003); Expert interviews;

Level of analysis (Hypothesis)	Factor (variable abbreviation)	Variable/Indicator:	Source:
<i>Institutional Variables</i>			
National sectoral			
(H5)	Sectoral trade union density (ud)	Aggregate sector density; if not available, density of the sector's most relevant union;	
(H6)	Representational domain concentration/ fragmentation (frag)	- Number of trade union organisations in a sector (n_unions); - Existence of inter-union domain-overlap (OD) → Index of domain fragmentation/centralisation: Index value (n_unions x OD);	Studies on the representativeness of social partners in diverse sectors (IST, EIRO Dublin-Foundation), own research and expert interviews;
(H8)	Extension Practice of Sector (incorporated in index of bargaining coordination, cf. H7)	Extensive, medium/marginal, non-existing	Studies on the representativeness of social partners in diverse sectors (IST, EIRO Dublin-Foundation), own research and expert interviews;
(H8)	Collective bargaining coverage (sectoral) (cbc)	Sectoral CBC rate	Studies on the representativeness of social partners in diverse sectors (IST, EIRO Dublin-Foundation), own research and expert interviews;
(H7)	Sector-level system of collective bargaining (coord)	- Dominant level of collective bargaining (DL): central/inter-sectoral, sectoral (national), company-level; - Existence of covert coordination mechanisms in the form of pattern bargaining (PB); - Existence of both peace obligation and legal enforceability of collective agreements (BGOV); → Index Bargaining Coordination Mechanism: DL x PB x BGOV	Studies on the representativeness of social partners in diverse sectors (IST, EIRO Dublin-Foundation), AIW, own research and expert interviews;

Although table 4 aims at giving a clear and self-explanatory overview of the sector-specific economic and institutional variables, some of the operational concepts of the institutional features of labour organisation and collective bargaining are based on multiple indicators. In order to clarify the multi-variable concepts of several key features of the sectoral institutional setting, the operationalisation of the important sector-specific factors are summarised and briefly described in the following section.

5.1 The operationalisation of sector-specific institutional variables

When it comes to operationalise the key variables of the sectoral industrial relationship systems, it has to be noted that some of the indicators exhibit a strong variation on the *country* dimension whereas the *inter-sector* variation is comparably low. Thus, in order to grasp differences between countries, typologies with regard to the most important institutional features such as the fragmentation of the sector's trade union system, trade union density in the sector and the institutional design of the collective bargaining system are developed. It is assumed that national industrial relations differ largely with regard to certain elements of the system of collective bargaining, i.e. the pre-dominant *coordination* mechanisms and existences and applicability of rules for the *extension* of collective agreements. These characteristics constitute the particular national setting of collective bargaining, wage-setting and the regulation of working conditions. However, the *level* of collective bargaining, i.e. the degree of *centralisation* of the collective bargaining system is supposed to vary *both* between *countries* and *sectors*. Thus, in order to grasp inter-country differences that are not captured in the quantitative analysis, typologies that allow for the classification of countries according to their collective bargaining systems are designed. The purpose of these typologies is merely heuristic and is aimed to facilitate the interpretation of the empirical findings. The typology of the collective bargaining system according to the pre-dominant level of collective bargaining, the coordination mechanism and the existence of institutional prerequisites that ensure a high degree of vertical co-ordination (cf. section 5.1.2.1) is particularly instructive since these indicators vary most strongly on the country dimension.

5.1.1 Representational domain, extension practice and collective bargaining coverage

- **representational domain:**

The delineation of the representational domain of the EIF in terms of NACE codes allows for the identification and categorisation of the respective social partner organisation with respect to domain overlaps or exclusive domains as described in more detail in section 9.1.2. From this categorisation the extent of concentration/fragmentation of the sector-specific associational system is derived.

- **practice of the extension of collective agreements**

The practice of extending collective agreements in order to increase their purview in terms of employees covered is the most important determinant of a sector's or a country's collective bargaining coverage. In most European countries collective agreements are extended by legal mechanisms to those employees and employers not affiliated with the signatory parties²⁴. Since it is employers' interests that are decisive with regard to applying collective agreements, only extensions to *employers* are considered in this study. Referring to the functions of collective bargaining and of multi-employer bargaining in particular, the advantages for employers of entering into collective bargaining and applying collective agreements are increasingly challenged by factors such as the internationalisation of markets, high levels of unemployment and decreasing unionisation rates (see section 1.5.2.3.2). There exists a clear power asymmetry between capital and labour insofar as the conclusion and implementation of collective agreements is contingent exclusively on employers' action. In a multi-employer bargaining system, employers may quit their affiliation to the respective employers' association and thereby circumventing the provisions stated in the collective agreement. However, it has to be noted that for employers it is of no advantage not to extend an agreement concluded by them even if they are formally not obliged to do so. By refraining from the extension of the agreement they would set an incentive for their workforce to unionise. In all countries under consideration – with the only exception of the United Kingdom – where multi-employer bargaining is the predominating, there is a direct and positive relationship between extension practice and collective bargaining coverage (Traxler et al. 2001). The association between both variables is however not unidirectional. The specific interest configuration prevailing in a

²⁴ The outlined concept of extension refers only to the domain covered by the agreements. Contrastingly, in some countries (e.g. Spain) legal mechanisms allow for an extension of collective agreements to areas *outside* its own domain. This mechanism corresponds more accurately to the notion of *enlargement* or *extensión* (in Spanish terminology) of collective agreements.

multi-employer bargaining system reinforces the effectiveness of extension procedures and – as a consequence – increases collective bargaining coverage rates. On the other hand, the existence of extension rules and – more importantly – the practice to extend collective agreements on a larger scale strengthens multi-employer bargaining arrangements as it sets an incentive for companies to join employers' associations and to be directly involved in the negotiations of collective agreements (Traxler 1998).

It has to be noted that for reasons of practicability an assessment of the extension practice in the sector is given on the basis of a qualitative ordinal scale measuring three values (extensive/medium/marginal or non-existing) since reliable figures on the employees subject to extensions are not available for the sectors covered in this study.

- **collective bargaining coverage**

The collective bargaining coverage rate gives the ratio of the number of employees covered by a collective agreement in the total number of dependently employed persons. In order to avoid double-counting of employees covered by more than one collective agreement due to multi-level bargaining or issue-specific agreements, this analysis aims at considering the number of employees under any type of collective agreement at all. However, data on sectoral collective bargaining coverage is scarce and often lacks validity from a methodological point of view. Data collected by trade union federations very often does not cover all member organisations. Moreover, the data collected by the European Metalworkers' Federation in their Eucob@n system often exhibits a systematic bias since some countries do not report at all to the European peak organisation.

5.1.2 Collective bargaining level and patterns of collective bargaining coordination

With regard to conceptual considerations, the analysis of the transnational dimension of collective bargaining relies per definition on the dominant pattern of coordination rather than on the level on which collective bargaining predominantly occurs. Since organisational action is multi-dimensional insofar as its functions and implications are varying not only between capital and labour but also within the two classes, a one dimensional concept of collective bargaining that rests merely on the level of collective bargaining does not grasp the complexity of collective action (see section 1.5.2.3). According to Traxler (1996), it is distinguished between six modes of bargaining coordination, i.e. inter-associational, intra-associational, state-sponsored and authoritative coordination as well as pattern bargaining and

uncoordinated bargaining (see below).

The occurrence of one particular mechanism, that is, the coordination through pattern bargaining, is highly conducive to the establishment trade union-initiated projects aiming at the cross-border coordination of collective bargaining. Pattern bargaining carried out by trade unions of a certain sector that is exposed to international market competition is a non-hierarchical form of coordination since it rests on the tacit acquiescence of other industrial sectors to orient their bargaining strategies towards those of the pattern setter. The willingness of other bargaining agents to follow the pattern setter depends on certain features of the latter. First, with regard to the properties of the sector represented by the pattern setting union, the sector has to be of macroeconomic relevance, it has to be characterised by a high degree of vertical integration in the production chain, and it the sector has to be integrated into internationalised markets. The exposedness of the sector to international competition and its vertical integration on the national scale demand a bargaining strategy that takes into consideration possible side effects of bargaining on wages and working conditions that may be harmful to other segments of the economy. In this respect, wage bargaining that results in excessive wage rates might entail negative externalities such as the increase of unemployment and inflation. Similarly, a high degree of vertical integration requires a responsible and rational bargaining strategy since disruptions resulting from the pattern setter's behaviour, e.g. industrial action, is likely to spill-over to other segments of the economy. Secondly, with regard to the organisational features of the pattern setting union, it has to comprise a high share of members in the totality of trade union members in order to make other union organisations to follow. Empirically, the positive relationship between organisational density and collective bargaining coverage is observed in several studies (Ebbinghaus and Visser 2000, Traxler 1994, Visser 1991).

It can be assumed that the high extent of coordination capacity of pattern bargaining as a non-hierarchical and relatively decentralised mechanism render it highly feasibly also as an instrument for the transnational coordination of collective bargaining. With regard to the transnational dimension of pattern bargaining, the same considerations as on the national level are of valid. Pattern bargaining is less demanding in terms of the actors participating in the coordination process since it requires only a 'critical mass' of them in order to be effective (cf. section 1.5.3.1).

- **collective bargaining level and coordination patterns:**

In order to analyse the determinants of collective bargaining coordination on the transnational level, the distinction between the two interrelated features of collective bargaining systems, i.e.

bargaining *centralisation* on the one hand – referring to the predominant bargaining level –, and bargaining *coordination* on the other hand – indicating how collective agreements are adjusted between bargaining levels and groups of employees – is fundamental (Soskice 1990). The analysis of the factors and impacts of collective bargaining as a multi-level phenomenon rests upon the more complex and encompassing concept of collective bargaining coordination that subsumes the degree of bargaining centralisation.

In general, there exist three levels of collective bargaining on which social partners formally negotiate their collective agreements, i.e. the macro- or inter-sectoral level, the meso- or sectoral level and the micro- or company/plant level. However, what is more relevant is how the collective bargaining process and the outcomes are coordinated across sectors and/or employee groups on the one hand, and between the different hierarchical levels of collective bargaining on the other hand. The former type coordination can be described as horizontal bargaining coordination, the latter is referred to as vertical coordination (Traxler 1996). According to Traxler, six main patterns of *horizontal* coordination of collective bargaining can be distinguished:

- inter-associational (i.e. ‘centralised’) coordination by peak-level organisations of employees and the employers;
- intra-associational coordination within the organisational domain of the peak-level organisation/s of the employers’ and/or the employees’ side;
- state-sponsored coordination with the state as third bargaining actor besides the employers’ and employees’ peak-level organisations as voluntary form of bargaining coordination;
- pattern bargaining by a certain sector that sets a reference frame for wage bargaining or other bargaining issues on which bargainers in other sectors orient themselves in their collective bargaining.
- Authoritative coordination of collective bargaining regulated by the state;
- Uncoordinated collective bargaining on company/plant level or individual bargaining directly between the employer/management and the employee.

The EU countries do not only vary largely with regard to the bargaining levels and the coordination patterns. Moreover, in all European countries a combination of two or more coordination forms can be observed. The different patterns are summarised in the country descriptions of the analysed sectors.

The *vertical* coordination pattern refers to the compliance of lower-level bargaining agents to follow the agreement negotiated on a higher level. Two legal preconditions have to be met to ensure the enforceability of the collective agreement. First, the agreement has to be legally binding and second, there has to be a statutory peace clause that ensures the compliance to the collective agreement by all parties during its period of validity.

Since the bargaining coordination structures on the sector level are of major interest, it is *distinguished* between the existence of sector level coordination in the form of *pattern bargaining* or *intra-associational coordination* that enable the sectoral negotiators to coordinate their collective bargaining activities and outcomes in a non-hierarchical form since guidelines or allegations set up by higher-level associational actors or the state are inexistent or of a purely voluntary nature (Traxler 1995). However, *only pattern bargaining* needs *less vertical* coordination due to its decentralised mode of horizontal coordination.

Bargaining governability is most needed for the bargaining coordination mechanisms that rely on voluntary peak-level activities, i.e. inter-associational, intra-associational and state-sponsored coordination (Traxler et al. 2001). Thus, the operationalisation of the bargaining coordination pattern is based on three crucial assumptions. First, the predominance of the sector-level in collective bargaining is a necessary but however not sufficient precondition for the coordination of collective bargaining across borders. Second, sector-level bargaining has to be backed by the specific functional prerequisites of a high bargaining governability, i.e. both legal enforceability and the existence of a peace obligation of collective agreements (cf. section 1.5.2.4.3). The co-existence of these two elements of procedural labour law guarantees the associations' control over the behaviour of their constituency. The legal enforceability of collective agreements makes them binding for the signatory parties. This provision is enacted in labour law in most EU countries, with the exception of Italy, Ireland and the United Kingdom (Traxler et al. 2001). A peace obligation that prohibits industrial action of as long the collective agreement is in force is either automatically inferable from collective agreements or it may be optional through the stipulation of an explicit clause that obliges the signatory parties to abstain from industrial action. In the United Kingdom, Ireland, France and Italy, a notable practice of peace obligation is non-existing. In Belgium, Spain and Portugal the effectiveness of peace obligations is rather limited. Under Belgian labour law peace obligations are not binding, and in the other two countries they may allow a strike under certain circumstances. In the Netherlands, an optional peace obligation clause is included in more than 90 % of all collective agreements (Traxler et al. 2001). Third, sector-level collective bargaining in combination with pattern bargaining, whereby the bargaining parties of a certain sector – mostly the highly internationally integrated metal sector – take the lead in wage

bargaining and set reference agreements for other sectors, is particularly conducive for the establishment of decentral institutions for a Europe-wide coordination of collective bargaining (see section 1.5.3.1).

Since pattern bargaining is characterised as a decentralised and non-hierarchical mode of coordination, it allows for a high degree of wage political ‘responsiveness’ (see section 2). The concept of responsiveness in the field of wage policy (Traxler 2000) refers to the capacity of a collective bargaining system to bring wage policy in line with macroeconomic requirements. The implementation of the EMU and the centralisation of monetary policy that came along with it challenged the performance of wage bargaining systems in ensuring a high degree of coordination with regard to monetary, fiscal, budgetary and wage policy goals. Within Europe, the collective bargaining systems in Germany, Austria and Sweden are classified as representing cases of pattern bargaining. In contrast to the former two countries²⁵, Sweden embarked on a practice of pattern bargaining only since the late 1990ies (Traxler et al. 2001, Traxler et al. 2008). Due to its decentralised and non-hierarchical nature, pattern bargaining is less demanding in terms of the institutional requirements to be effective. With regard to the transnational dimension of pattern bargaining, it presupposes only a ‘critical mass’ of actors participating in the coordination process (Traxler 2000). Thus, pattern bargaining is considered as a highly feasible mechanism for the cross-border coordination of collective bargaining. Besides, empirical evidence indicates that bargaining systems that rest upon the sectoral wage leadership are particularly effective in combination with a non-accommodating monetary regime (Traxler et al. 2008a). As laid down in the introduction to this study, this implication is of great relevance in the European Monetary Union since the European Central bank orients its policy decisions towards the prior goal of monetary stability.

5.1.2.1 A sector-specific typology of national collective bargaining systems

The complexity of collective bargaining coordination is even multiplied on the transnational level and thus renders the conception of a descriptive typology which should not only grasp the diversity of national collective bargaining systems but also incorporate the different dimension of collective bargaining coordination an especially challenging endeavour. For several reasons that have been outlined elsewhere (cf. 1.5.3.1), *pattern bargaining* is

²⁵ Germany has the longest tradition of pattern bargaining. For this country it is supposed that pattern bargaining lead by the metal industry unions was the sole coordination mechanism that was in force after World War II. In Austria, observers assert a transition from central wage bargaining coordination by the ‘Parity Commission for Wages and Prices’ to pattern bargaining whereby the metal industry acts as the pattern setter (Traxler 1998b).

conceived as the key mechanism to coordinate collective bargaining across-borders. Thus, the importance of *pattern-bargaining* is accounted for in the collective bargaining coordination index. The variable measuring the level of collective bargaining that refers to another dimension, i.e. the degree of bargaining *centralisation*, is given comparably less weight in the measurement instrument. It has to be noted that the concept of responsiveness conceived for *sectoral* systems of coordination of a *transnational* scope differs from that of the *national* wage-setting systems. Countries such as Finland, Sweden and the Netherlands are classified as being characterised by highly responsive wage-setting arrangements (Traxler 2000, Traxler 2002) due to their capacity to co-ordinate the wage-formation process both horizontally and vertically. Finland and Sweden where wage formation occurred in a rather uncoordinated way in the mid-1990s returned to state-sponsored bargaining in the late 1990s. Combined with the existence of legal provisions that guarantee an efficient coordination of bargaining outcomes with regard to the vertical dimension these countries feature highly responsive collective bargaining arrangements. The same holds true for the Netherlands where state involvement in the wage-setting process is typically strong. Since the early 1980s, voluntary mechanisms of state-sponsored wage-bargaining superseded the authoritative, state-imposed coordination pattern that was pre-dominant in the crisis-ridden 1970s. However, on the transnational level both voluntary state-sponsored and authoritative, state-imposed bargaining do not have a positive impact on the efficiency of the coordination process. Therefore, when constructing an index of the capacity of *sectoral collective bargaining systems* to coordinate collective bargaining *cross-nationally* it is *only pattern-bargaining* as a decentral and voluntary mechanism that is of relevance.

Conceiving pattern bargaining as an actors-driven process embedded in distinctive national structures of industrial relations (see section 1.4.2.5) two overriding distinctions have to be made. First, the *scope* of pattern bargaining has to be considered, as it may refer to bargaining processes within an industry, i.e. *intra-industry* pattern bargaining, or to bargaining coordination between sectors, i.e. *inter-industry* pattern bargaining. Secondly, it has to be distinguished between different bargaining units, i.e. between *pattern setters* and *pattern takers* (Traxler et al. 2008a). Due to the high degree of product substitutability intra-industry pattern bargaining takes place under conditions of strong competition. Since in a highly competitive environment wage moderation is the most likely outcome of collective bargaining, both pattern-setter and pattern taker on the *employees'* side have an interest in *preventing wage dumping* but at the same time they have to consider the goal of *ensuring jobs*. Two crucial implications can be derived from the specific power relationships between collective bargaining actors. The first question that has to be addressed in the analysis is whether the *competitive pressure* in a particular sector reaches a level that prevents bargaining units from

establishing structures that enable them to coordinate collective bargaining cross-nationally. Secondly, Europe-wide coordination within an industry requires the 'leadership' of one particular *country* in setting the pattern for other national bargaining units. The second question directly refers to the specific constellation of intra-class interests in the sector²⁶. Leaving aside the practical implications of transnational co-ordination in collective bargaining such as specifying the bargaining goals and outcomes that would set the pattern for other bargaining units, the actors' perceptions and interests have to be investigated in more detail by means of a qualitative analysis.

With regard to inter-industry pattern bargaining the issue of competitive pressure is far less important due to the limited substitutability of products and services. Rather, the inclination of bargaining units to act as a pattern setter is contingent on the ability of an industry to *externalise* the negative effects of wage increases in passing them on to consumers (cf. 1.5.2.5). Since export-dependent industries (e.g. the metal industry) have an interest in preventing the 'sheltered' sector employers mainly operating in domestic markets from externalizing pay hikes, they have an interest in setting an upper limit for wage-formation. The interest positions of bargaining units in less export-dependent or sheltered sectors clearly differ with respect to setting the pattern. According to empirical evidence, it is the metal sector that acts as a pattern setter in some European countries such as Germany, Austria and Sweden (Traxler et al. 2001)²⁷. In the case of intra-industry pattern bargaining on the transnational level, a particular country has to act as a pattern-setter. The cross-border dimension multiplies the complexity of the bargaining process furthermore. Co-ordination not only refers to setting the orientation criteria on a level that is relevant to the pattern-taking units but also to the time dimension of the collective bargaining process. In contrast to national

²⁶ Cross-border co-operation transcends the problem of collective action and thus – indirectly – changes the configuration of labour's intra-class interests. Intra-industry pattern bargaining within one country emerges only in a context of single-employer bargaining (Traxler et al. 2008a). Multi-employer bargaining brings about a high degree of co-ordination of bargaining outcomes within a sector or industry even though different conditions may be concluded for different employee groups. This contrasts to co-operation relations on the *transnational level* where collective action is carried out by associational actors. Since coordination of collective bargaining across borders is almost exclusively pursued by unions, the institutional setting of collective bargaining, i.e. single- or multi-employer bargaining, is not supposed to be of prior importance.

²⁷ The special case of *Japan* where pattern bargaining takes place in a framework of single-employer bargaining, is left aside here. The country's so called 'Shunto-coordination' strongly rests upon the time-dimension of coordination. Thus, it is characterised rather by 'pace-setting' than by 'pattern setting'. However, pattern-setting with regard to bargaining outcomes is also inherent in Shunto whereby the metal industry operates as a driver in the bargaining coordination process (Sisson and Marginson 2002, Traxler et al. 2008a).

collective bargaining where the metal sector's bargaining agents set the pace for bargainers in other sectors and are therefore the driving force in synchronising collective bargaining, coordination of collective bargaining on the European level is a rather reactive process. Since negotiations are taking place within the national collective bargaining framework, coordination on the European level is a far less inconsistent and fragmented process. One of the major obstacles is the large variation in the duration of collective agreements between countries. The pattern setters on the European level have far less influence in shaping the bargaining processes in other countries. The reasons for pattern takers in other countries to consider the pattern are less stringent than in the national context. Pattern takers may derive legitimacy by taking over the pattern. Especially if the organisational power of pattern taking unions is rather weak, taking the pattern may increase their bargaining power (Traxler et al 2008a). Contrastingly, on the transnational level national and European trade unions have to gain legitimacy by their members before allocating their resources to cross-border activities. Thus, the issue of compliance in a purely voluntary framework of action is pivotal for an efficient cross-border coordination of collective bargaining.

Although it is the metal sector that plays a key role in setting the pattern for wage bargaining, pattern bargaining is in principle also a conceivable mode of coordination in other industries. Thus, the typology for the categorisation of sectoral collective bargaining systems is applied for all sectors considered in this study. The inter-industry dimension on collective bargaining coordination is also strengthened by the evolution of the Eucob@n framework that includes a number of sectors, i.e. metal, chemicals and textiles.

Turning to the typology of sectoral collective bargaining systems, the overriding characteristic is the system's degree of 'responsiveness', i.e. the wage setting institutions' ability to bring wage bargaining in line with monetary policy (cf. 5.1.2). As a precondition for an efficient, highly responsive collective bargaining system, both vertical and horizontal co-operation between bargaining agents has to be ensured. In addition, pattern bargaining as the predominant mode of coordination classifies those national systems that are able to act as pattern setters on the cross-national level. Thus, it can be distinguished between three main types of collective bargaining systems:

- 1) Low responsive systems characterised by a lack of vertical and/or horizontal coordination capacity.
- 2) Highly responsive systems that formally fulfil the preconditions for both vertical and horizontal co-operation;

- 3) Highly responsive systems that are based on pattern bargaining as the prime mechanism for collective bargaining coordination and that are therefore suited to provide bargaining units which may act as pattern setters on a European level.

The sector-specific features and national particularities of the collective bargaining systems are considered in the sector analyses in more detail in order to account for both cross-country and cross-sector diversity. Thus, the three categories summarised above merely serve as a *heuristic framework* to classify countries according to relevant characteristics of their collective bargaining systems. Due to the varying set of countries covered by the respective categories, the types of collective bargaining systems are supposed to differ between sectors. The sector analyses will therefore give a more detailed comparative overview of national collective bargaining structures without being too exhaustive in order to ensure the comparability across industries.

5.1.3 Trade union density

Trade union density can be measured by two indicators. First, the aggregate sectoral density based on the membership of all sector-related trade union organisations in relationship to the total number of employees in the sector, and secondly, the density of each of the sectoral unions as a measure of organisational strength.

The comparability of union densities across countries is burdened with several problems. First, membership figures can be derived from various sources. It may be either the unions themselves which report membership figures or data is gained from official sources such as national statistical agencies or representative survey studies. *Reported* union membership tends to be higher since it usually includes non-active members such as pensioners, unemployed and students. In this respect, the distinction between *gross* and *net* densities is of relevance. On the aggregate, i.e. national, level net densities (cf. Ebbinghaus and Visser 2000) are the preferred measure in order to increase comparability between countries with different organisation traditions. For instance, representativeness measured in terms of members is of major political importance for unions in Spain, Portugal and many of the eastern European countries since organisations are recognised as social partner organisations and collective bargaining agents only when they proof to cover a large part of workers within their

organisational domain²⁸. However, according to the studies on the representativeness of trade unions on the sector level, trade unions are the main source of information about membership figures. In the majority of data reported by sector-related unions, membership figures include non-active members. From a methodological point of view the tendency to overstate membership figures reported by unions is less problematic since it is the *levels* that are considered in the regression analysis. The problem of comparability however remains to a certain extent since there exists a certain degree of ambiguity with regard to the (partial) inclusion of non-active members. For instance, some organisations include certain groups of inactive members, e.g. students, but leave out others, such as pensioners.

1) Trade union density in the sector

Trade union density in the entire sector under investigation, as defined in terms of NACE codes, gives a comparative overview on differences in the representative strength of trade unions in certain industries or sectors, i.e. the level of analysis is the sectoral and not the associational one (cf. point 2 below). An indicator is the number of trade union members pertaining to the respective sector-related unions to the totality of dependently employed. This measure requires the full coverage of all sector-related unions. Since trade unions are defined as sector-related according to the respective NACE classes, it is beyond the scope of the sector analyses to give a complete picture of all employee organisations in the countries under consideration. The identification of the entirety of workers' organisations, including small and particularistic ones which are not affiliated to the countries' main confederations goes beyond the scope of this study. A guideline of reference are the representativeness studies carried out by the European Foundation for the Improvement of Living and Working Conditions that are of relevance for the European Commission's assessment of representative social partner

²⁸ Union density rates as a measure for union strength in general can be misleading. In countries such as Spain and France where (net) union densities, i.e. 16 % and 8 %, respectively, have been below the EU25 average (25 %) in 2004, the main source of legitimacy is gained through works council elections. The high participation rates in elections for company-level employee representation bodies that amount to 57 % of Spanish and almost 75 % of French workers contrast with the low unionisation rates in these countries (EC 2006). Traditions in organisation behaviour of workers differ between countries. For instance, French unions are typically 'activist' organisations whereas in Belgium also those workers become members who do not support the political orientation of the union but want to profit from social security services provided by the union. The strong political orientation of French unions stands in stark contrast to unitary union movements (i.e. Germany and Austria) and union organisations that are referred to as 'intermediary' organisations due to their mediation function between the state and the individual worker. Typically, the potential to mobilize non-members for industrial action is much larger in 'activist' organisations than in those unions whose members are more 'service-seeking'.

organisations.

2) Organisational density of the sector-related trade unions

The organisational density rate indicates the ratio between number of the respective trade union's (active) members and the number of employed persons in the predefined sector. Contrastingly, the organisation's density in its own organisational domain – that often differs from the sector delineation – is based on the number of the organisation's members in relationship to the number of persons employed in the trade union's entire organisational domain. Since the required figures are often available only for one of the two density rates, a more encompassing picture of the trade unions' organisational strength is gained. However, the comparability of the two indicators is limited. For the analysis a preference is given to *sectoral density* rates due to superior comparability of density rates referring to pre-defined sectors.

6. Selection of the sectors on the basis of a hypothesis-driven conception of sector profiles

Following the assumptions hypothesised in section 4.1 the sectors considered in the analysis should exhibit a considerable degree of variation with regard to structural characteristics such as capital and labour mobility, export dependence, market regulation, fragmentation/centralisation of the trade union system, collective bargaining level and bargaining coverage in order to analyse the interdependent relationships between economic/institutional factors and the emergence of the predominant pattern of Europeanisation. It has however to be noted that in particular the institutional factors tend to vary stronger between countries than between sectors. For instance, variables such as the mechanism of bargaining coordination (cf. 5.1.2) are exclusively determined by the institutional features of the *national* collective bargaining and do generally not vary between sectors. With regard to the *level* of collective bargaining which is prevailing in a sector a certain variation between sectors can be assumed (also see 5.1.2). Therefore, the variable of the bargaining coordination mechanism is not taken into consideration in the selection of sectors.

The inclusion of variables determined by national institutional factors in a sector-comparative analysis is thus burdened with a loss of information. Therefore, country-difference with regard to institutional characteristics of the sectoral collective bargaining systems are addressed

separately and summarised in the section on ‘national system of industrial relations’ in the respective sector chapters.

The selection of industrial sectors is carried out on the basis of a heuristic mapping of the following sector-specific variables (depicted in table 4):

- Labour mobility
- Capital mobility
- Export dependence
- Product (labour) market regulation
- Union density
- Collective bargaining coverage

Other variables such as the degree of concentration/centralisation of the largest national sector union for measuring intra-class power relationships or the organisational density of sectoral employer associations in order to grasp inter-class differences with regard to organisational strength are not considered in this study for pragmatic reasons. First, intra-class differences with regard to interests and influence on shaping policies for the Europe-wide coordination of collective bargaining are addressed in the qualitative analysis. Second, data on employers’ organisation is generally lacking. This problem is even more virulent for the European than for the national level. However, the exclusion of these variables does not severely derogate the methodological approach of this study since the variables considered are typically characterised by a sufficiently high degree of variation and heterogeneity between sectors. The following sectors are considered in the analysis:

- Metal industries
- Chemical industries
- Food production
- Telecommunications
- Construction
- Banking
- Industrial Cleaning

In table 5 the sectors are depicted according to the variation, i.e. high or low extent, in the independent institutional and economic variables.

Tab. 5 – Mapping of sectors according to variation in institutional and economic variables

Variables:	Labour mobility	Capital mobility	Export depend.	Market regulation	Union density	CB coverage
High	Construction	Finance, Metal, Chemicals	Metal, Chemicals	Telecom.	Metal, Chemicals	Metal, Chemicals
Low	Banking, Telecom.	Cleaning, Construction Food prod.	Cleaning, Construction Telecom. Banking	Metal, Chemicals Banking	Cleaning, Banking	Cleaning, Food prod.

7. Sectoral characteristics of the economic factors

In the following sections (7.1 – 7.4) the economic factors, i.e. labour mobility, capital mobility, export dependence and product market regulation, are described with regard to their sectoral and country-related characteristics. For the institutional factors, sector-specific typologies based on the characteristics of the national collective bargaining and trade union systems are developed in the sector analyses and summarised in the respective sector chapters in the section on ‘the national systems of industrial relations’.

7.1 Labour Mobility

The migration of the factor of labour varies strongly with regard to regions, sectors and qualification. In general, the share of foreign workers in the totality of workers is high in sectors such as horeca, construction, industrial cleaning as well as in agriculture and textiles (Huber and Brücker 2003). According to Eurostat Census data, Census Round 2001 (Eurostat 2008e), the highest shares of foreign workers, i.e. non-EU15 citizens and other foreigners, in the totality of employees in the sector are observed in the construction industry of the EU15 (with the exception of Belgium and Luxembourg for which no data is available), i.e. 7.7 %, in the manufacturing sector (NACE category D), i.e. 6.6 %, and in other non-business services (NACE category O: other community, social, personal service activities), i.e. 6.1 %. In sectors such as transport, storage and communication (NACE category I) as well as in financial intermediation (NACE category J), the shares are considerably lower, i.e. 5.5 % and 4.0 %, respectively. It has however to be noted that due to the broad categorisation of Eurostat

Census data, only an approximation of labour mobility within the sectors under consideration can be made. For instance, employee figures in the sectors of metal, chemicals and food are subsumed under NACE category D – manufacturing. For communications, which is subsumed under NACE category I, it can be assumed that foreign employment is less widespread than in sectors such as transport and storage whereas the share of foreign workers in commercial cleaning generally tends to be higher than in other areas subsumed under NACE category J, such as community and social services.

When comparing Eurostat data with national data sources, conclusions have to be drawn with reservation as figures in some cases clearly differ between national and European sources. It can be assumed that the number of non-EU citizens employed in the member states is significantly underestimated due to deficient reporting by national statistical agencies and national differences with regard to definition of foreign workers. For instance, in the case of Germany where data is available from both European and national sources for the same period of observation (i.e. the 'Bundesagentur für Arbeit' – Federal Agency of Labour), Eurostat data on foreign employment are significantly lower than those from national sources.

With regard to the distribution of foreign workers within the sectors under consideration the highest shares of foreign workers in manufacturing are observed in Austria (11.8 %), Germany (10.7 %) and Greece (9.9 %) whereas labour mobility is low in the Finnish (1.2 %), Portuguese (1.7 %), Spanish (3.1 %), Dutch (3.5 %) and Danish (3.7 %) manufacturing sectors. In the construction sector, the share of foreign workers is outstandingly high in Greece (above 27 %), followed by shares in Austria (approximately 15 %) and France (13 %). Foreign employment in the building industry is comparably low in Finland (0.9 %), the Netherlands and Denmark (both around 1.5 %) as well as in Sweden (2.4 %). A similar pattern with regard to foreign employment occurs in the personal services sectors. Shares of foreign workers in the totality of sectoral employment is high in Austria (10.7 %), the United Kingdom (8.6 %), Germany (7.7 %) and Ireland (7.5 %) whereas these foreign employment is low in the Finnish (approximately 1.4 %), the Dutch (2.6 %) and the Danish (around 3 %) personal services sector. With regard to the transport and communications sectors, foreign employment is high in the United Kingdom (9.4 %), Austria (8.7 %) and Germany (7.9 %). Low shares of foreign employment in the transport and communications sector are reported for Finland (above 1 %), Portugal (1.6 %), Italy (2.2 %) and the Netherlands (2.4 %). A similar pattern with regard to the distribution of foreign workers in the EU15 can be observed in the financial services sector. Shares of foreign employment are high in the United Kingdom (9.9 %) and Ireland (6 %) and low in Finland (0.5 %), Italy (0.7 %) and Portugal (0.9 %).

In general, a distinction with regard to the distribution of foreign labour across the EU15 can be drawn with respect to services and manufacturing sectors. In manufacturing and construction, labour mobility is high in the Germanic countries (Austria, Germany) whereas in both the Southern European countries – with the notable exception of Greece where the share of foreign workers is outstandingly high in these sectors – and the Nordic countries labour mobility is low. In the services sectors (transport/communications, financial services and personal services) the labour mobility tends to be high in the Anglo-Saxon (United Kingdom, Ireland) and – though to a lesser extent – Germanic countries whereas labour mobility in these sectors tends to be low in the Nordic (Finland, Denmark) and the Southern European countries (Italy, Portugal) as well as in the Netherlands.

Although data on the extent of foreign employment may serve as an indicator for labour mobility other important aspects such as integration and labour market policies aiming at promoting the employment of foreign workers are not considered in this analysis.

7.1.2 Development of the legislation on mobility of labour

The idea of a Europe without borders is already incorporated in the foundation Treaties of the European Communities. However, the freedom of Europe's citizens is not unlimited:

„Every citizen of the union shall have the right to move and reside freely within the territory of the Member States, subject to the limitations and conditions laid down in this treaty and by the measures adopted to give it effect' (*Article 18, paragraph 1 of the consolidated version of the foundation Treaty of the European Community, signed in Rome in 1957*).

For the regulation of the freedom of persons both primary (European Coal and Steel Treaty the European Atomic Energy Treaty and the European Economic Treaty) and secondary law (according to Article 249 of the EC Treaty) apply. The four economic freedoms of the common market have been introduced through the foundation Treaty of the European Communities. The Single European Act (1996) codifies the four basic freedoms of goods, services, capital and persons²⁹ as inherent principles of the common internal market.

²⁹ The free movement of persons entails the right of all member state nationals to travel to another member state in order to apply there for a job under the same conditions as nationals of that country and to work either as an employee or in a self-employed capacity, or even to remain without gainful employment, and also, when no longer of working age, to remain, under certain conditions, in another member state (Dietrich, M. 1995, 138).

The economic boom in the member states favoured the opening up of national labour markets, and according to the respective regulation based on secondary law the member states have been obliged to guarantee the freedom of persons in a step-wise procedure until the end of the year 1969³⁰ (Article 48 of the EEC Treaty). In 1961 the freedom of establishment (together with the freedom of travel) has been complemented by the explicit permission for EU citizens to take up an employment in another member state under the condition of shortages of supply on the labour market which can not be removed by the employment of domestic employees. The provision of the preference of domestic workers has been abolished three years later although the community law still provides for clauses for the protection of domestic labour markets. Only in 1968 the principle of the free movement of workers³¹ has been adopted, single safety clauses however continued to exist until 1991. The step-by-step 'southern enlargement' (Greece 1981, Portugal and Spain 1986) was accompanied by long-term employment restrictions for citizens of the newly joined member states.

The Treaty for the Foundation of the European Community (Maastricht Treaty, 1992) has not brought material changes with regard to the free movement of workers. However, the 'eastern enlargement' triggered fears of mass migration from the new to the old member countries due to the massive differences of GDP per capita and per-capita income within the EU. Therefore, '*transition rules*' on the movement of workers between the new and the old member countries

³⁰ The first step (1 January 1958 -23 March 1964) of the implementation of the principle of free movement through secondary law provisions provided for regulation of the freedom of persons and their family members to move and reside within the territory of the member states. In some cases, however, this freedom was subject to certain conditions such as there being no suitable labour force available on the domestic labour market. With the second step (25 March 1964 October 1968) this principle whereby the labour market situation could be invoked in such cases was abolished due to its discriminatory effects. The third step (in force since 15 October 1968) covers the Regulation on freedom of movement for workers within the Community (Regulation (EEC) No 1612/68), the directive on the abolition of restrictions on movement and residence within the Community for workers of member states and their families (68/360/EEC) and the directive of 18 May 1972 extending to workers exercising the right to remain in the territory of a member state after having been employed in that state the scope of the directive of 25 February 1964 (64/221/EEC) on coordination of special measures concerning the movement and residence of foreign nationals which are justified on grounds of public policy, public security or public health.

³¹ The principle of 'freedom of movement' refers to the treaty provisions on the free movement of persons (Articles 39-42 TEC). Article 39 (3) TEC gives a definition of the freedom of movement: 'Such freedom of movement shall entail the abolition of any discrimination based on nationality between workers of the member states as regards employment, remuneration and other conditions of work and employment'.

have been adopted. These rules exclusively refer to article 39 TEC. The regulation of the access to the labour markets of the EU15 remains within the national competencies of the 'old' member states even after the 8 central and eastern European as well as the two Mediterranean Island countries had acceded to the EU. The Accession Treaties (signed 16 April 2003 for the accession of the 10 candidate countries and 25 April 2005 for the accession of Bulgaria and Romania) provide that for the first two years following accession access to the labour markets of the EU15 will depend on the national law and policy of those member states. National measures may be extended for a further period of three years. After that, member states which applied national measures can be authorised to apply further such measures for another two years provided it faces 'serious disturbances' in its labour market. Measures for the temporary restriction of the free movement of workers are limited to a period of a maximum duration of seven years, starting on 1 May 2004. This means that workers from the new member states (with the exception of Malta the labour market of which is too small) in most cases require a working permit for the access to the labour markets of the EU15.

Germany and Austria applied special clauses for certain sectors such as construction and commercial cleaning. With regard to the *freedom of services* Germany and Austria adopted special transitional measures for sectors such as construction, commercial cleaning, and domestic nursing and welfare services. The posting of workers for the provision of services in the EU15 can be restricted if serious damages in the respective services sectors are to be experienced (Accession Treaty 2003). There exists however a possibility to circumvent the transition rules for the restriction of the freedom of services in that protection clauses are not applicable for self-employed persons in the new member states (Huber and Brücker 2003).

7.2 Capital Mobility

The extent of capital mobility within a certain industrial sector is measured by the scope of foreign direct investment (FDI) in the respective sector compared to the totality of a country's FDI. FDI are one of the prime drivers of economic globalisation and market integration. Data used in this analysis is based on OECD data (OECD 2004a). The extent of FDI is measured by the value of the sum of *inward and outward position* by industrial sector as a share in the nominal GDP (see table 4). Reference is made to direct investment *positions* instead of FDI flows. Flows are covered on the basis of balance of payments statistics and include the totality of all investment which have been carried out or dissolved within a certain period. Typically, investment flows are characterised by a high degree of fluctuation. The high degree of variation of to the value of investment flows may be problematic in a cross-sectional analysis

which refers to a certain point of time.

From a sector-comparative perspective, FDI activity (both inwards and outwards) is highest in the financial services sectors (excluding insurance and auxiliary services) in the Western European countries under consideration. Averaged over all countries for which data is available, the relationshipal measure of FDI (i.e. the sum of inwards and outwards position in relationship to the GDP) is around 11 % for the financial sector. In the metal (including metal and mechanical products, office machinery, computers, radio, TV and communication equipment, vehicles and other transport equipment) and chemical sector (including petroleum, chemical, rubber and plastic products), levels of FDI are comparably lower and reach around 7 and 5 % on average. The average level of FDI positions is lowest in the construction sector (i.e. around 0.5 %) and in the sector that comprises services other than financial and business-related services (i.e. 1.5 %). FDI positions are rather low in the western European food production sector (i.e. 2.7 %) and in the telecommunications sectors (i.e. around 3 %) whereby in the latter sector the volume of FDI positions is increasing.

With regard of the countries' FDI activities in the sectors under consideration, the Netherlands exhibit an outstandingly high share of FDI positions in GDP in the financial services sector (i.e. around 36 %), followed by the United Kingdom (i.e. 13 %) and Finland (i.e. approximately 12 %) whereas direct investment activities in the Swedish (i.e. 3.8 %), German and Greek (both around 4.7 %) financial sectors are comparably low. In the metal sector, FDI activities are highest in Sweden (i.e. 25.5 %), followed by the FDI shares in the Finish and Dutch metal sectors (i.e. 15 % and 13 %, respectively). Contrastingly, FDI in the Greek (i.e. 0.8 %), Danish (1.4 %) and Portuguese (1.6 %) metal sector are lowest among the countries under consideration (i.e. 0.8 %). Strikingly, FDI activities measures as inward and outward positions are relatively low in Germany and account only for 3.3 % of the GDP. FDI positions in the chemical sector are outstandingly high in the Netherlands and amount to 27 % of the GDP. FDI in the chemical sectors of Denmark and the United Kingdom are around 7 % and 6 % of nominal GDP. In the Italian, Portuguese and Greek chemical sector, FDI activities are comparably limited, i.e. inward and outward positions reach around 1 % of the countries' GDP. In the telecommunication sector, FDI have been high highest in the United Kingdom for which the measure of inward and outward positions in relationship to GDP is above 15 %. FDI activities in telecommunications are rather limited whereby the highest shares of FDI positions in GDP are around 3 % in Denmark, Greece and Finland. In other countries such as Italy, Austria and France the respective shares are below 1 % of GDP. FDI in the food sector are rather limited, with the exception of the Netherlands where the value of inward and outward positions reaches 10 % of the GDP. In Denmark and the United Kingdom the measure for FDI

is around 5 and 4 %, respectively. Levels of FDI in the German, Austrian, French, Italian and Portuguese food sector reach only a fraction of GDP, i.e. less than 1 %. In the western European construction sector capital mobility measured as the value of inward and outward direct investment positions in relationship to GDP is the lowest among the sectors considered in this study. In all countries with the exception of Denmark (i.e. 1.7 %) the shares of FDI are below one % of the GDP, with the lowest shares in Germany (where outward positions exceed inward positions, i.e. – 0.03 %) and Austria (i.e. 0.07 %). In the personal services sector, FDI tend to be only slightly higher than in construction whereby the smallest value of inward and outward positions in relationship to GDP is observed in Portugal (with outward positions exceeding inward positions, i.e. – 0.9 %), followed by Finland (i.e. 0.1 %) and Greece (i.e. 0.2 %). In the Swedish personal services sector where the share of inward and outward positions in GDP reaches 7 %, capital mobility is by far the highest, followed by Italy and France where the measures for FDI are 3 % and 2.5 %, respectively.

7.3 Export dependence

Export dependence is supposed to be one of the most influential factors directly affecting collective bargaining both on the national (Crouch 1993, Traxler et al. 2001) and on the transnational level (Traxler et al. 2008b, Traxler and Brandl 2009). Bargaining agents in exposed, export-orientated sectors play a key role with regard to the coordination of collective bargaining (see section 5.1.3.1). Export dependence is measured by the value of ‘export flows’³² indicating the extent of ‘external trade by products’ and of ‘external trade by services’ (UNCTAD 2008). As this study aims at analysing cross-sectoral differences, the value of export flows from a certain sector is related to the *total* value of export flows in external trade by *products* (SITC 0 to 9) *and* the total value of export flows in external trade by *services*³³. However, it has to be noted that there exists a principle structural difference with regard to external trade pattern between the services and manufacturing sectors that originates in the

³² Although the measure of ‘export stocks’ is more appropriate for a quantitative cross-sectional analysis referring to a certain point of time than the measure of ‘export flows’ which exhibit a much larger degree of variation, no such measure was available on the disaggregated sector level (UNCTAD 2008). Export flows of external trade in products are measured in US Dollars at current prices in thousands and export flows of external trade in services are measured in US Dollars at current prices in millions (UNCTAD Handbook of Statistics 2008).

³³ Service categories are defined according to the definition of the IMF Balance of Payments Manual, 5th edition, 1993. The categories included are transport and travel, communications, construction, computer and information services, financial services, insurance, other business services, royalties and licence fees, personal, cultural and recreational services and government services (UNCTAD Handbook of Statistics 2008).

fundamental difference between commodities and services. The inseparableness of services from the service supplier limits the physical dislocation of services compared to 'tradeable' commodities. Since though the differences between all sectors considered in this study are however more relevant with regard to the research question of the preconditions for the emergence of a Europeanisation pattern, the variation within the group of services sectors and the group of manufacturing sectors is not addressed.

The metal sector is the most export-dependent sector, followed by the chemical industry where the share of the sector's export flows in the totality of export flows from both manufacturing and services sectors (averaged over all countries under consideration) is however not even half as large as in the former sector (i.e. 37 and 13 %, respectively). The value of averaged export flows in the food industry in relationship to total exports more than doubles that in the chemical sector (i.e. 8 %, see table 77, Annex 10). Averaged export dependence is lowest in the cleaning sector (i.e. 0.32 %), and low levels of export flows are reported also for the construction (i.e. 0.66 %) and telecommunications (0.8 %) sector.

From a country-perspective shares of metal sector exports in total exports are largest in Finland (i.e. 53 %), Germany (i.e. 51 %), France (i.e. 44 %), Sweden (43 %) and Austria (i.e. 41 %), and comparably low in Ireland (i.e. 19 %) and Greece (i.e. 26 %). This contrasts to the country-pattern in the chemical sector, where exports are highest in Ireland (i.e. 32 %) and Belgium (i.e. 25 %). Export dependence is comparably low in the Portuguese (i.e. 6 %), Austrian (6.5 %) and Finnish (i.e. 7 %) chemical sectors. Export-shares in the food industry are highest in Greece (i.e. 18.5 %), followed by export-shares of around 12 % in the Spanish and Dutch food sector. A low share of sectoral exports in the totality of exports is reported for Finland (i.e. 1.7 %), Sweden (i.e. 3 %) and Germany (i.e. 3.8 %). In the telecommunications sector variation between countries with regard to export dependence is considerably low. The highest share of telecom sector exports are reported for Greece (1.9 %), followed by those in Portugal (1.2 %), the United Kingdom (1.06 %) and the Netherlands (1.02 %). Export dependence is lowest in the German and Irish telecom sectors (i.e. 0.3 %). Levels in the value of sectoral exports in total sectors are between 0.02 % in Ireland and 0.18 % in the United Kingdom and 1.38 % in Greece and 1.13 % in Portugal. In the banking sector a higher variation with regard to the levels of export shares can be observed. It varies between 0.1 % in Finland, 0.2 % in the Netherlands and 0.3 in France and – on the other end of the spectrum – between 3.7 % in Ireland and around 8 % in the United Kingdom. Variation in the level of the sector's shares in total exports is lowest in the non-business related services sector. The generally low export dependence of the cleaning sector is underscored by export shares of 0.02 % in Finland and 0.07 % in Germany and – on the high end of the scale – by export

shares of around 0.8 % in Greece and 0.7 % in the United Kingdom. The relatively high level of exports in the British services sector may derive from the categorisation of the sector that includes personal, cultural and recreational services and government services (UNCTAD 2008).

7.4 Product Market Regulation

In order to measure the degree of product market regulation (PMR) a three-dimensional index which includes both national and sector-related indicators has been developed (cf. Annex 8). The PMR-Index covers, first, the dimension of the extent of *national* market regulation on the basis of the OECD indicators for product market regulation 1998 and 2003 (OECD 2008³⁴). This index includes dimensions such as the degree of state control (i.e. public ownership and state involvement in business operation by price controls etc.), barriers to entrepreneurship (i.e. regulatory and administrative opacity of licences and permits systems and rules and procedures), administrative burdens on start-ups and barriers to competition (i.e. legal barriers, antitrust exemptions).

The other two indicators cover the sector-specific dimension of the extent of European and national product and labour market regulation with regard to *market access* for and employment of *foreign workers*³⁵ on the basis of expert assessment gained by means of qualitative interviews. Thus, the second indicator measures the degree of product market regulation deriving from national and European level regulatory initiatives. The third indicator covers the extent of labour market regulation set either on the European or national level. All indices measure three levels of regulatory intensity, i.e. high, medium and low³⁶. The total

³⁴ These indicators are described in: Conway, P., V. Janod, and G. Nicoletti (2005), 'Product Market Regulation in OECD Countries, 1998 to 2003', OECD Economics Department Working Paper, No 419

³⁵ Literature sources refer to a number of indices and instruments for the measurement of labour market regulation. Most of them include indicators of employment protection legislation such as rules and provisions in case of dismissals (i.e. statutory duration of pay entitlements, restrictions on dismissals of workers with regular and temporary employment contracts) (cf. Lazear 1990). However, these indicators do *not* differentiate between *sectors* and are therefore not supposed to provide an additional explanatory contribution for the research question addressed in this study.

³⁶ The OECD index for product market regulation (2003) scores between 0.9 and 1.8 points for the OECD countries. The single index on a country's extent of product market regulation is based on a the classification into the following three categories: 1= low: PMR values 0.9-1.2; 2= medium: PMR-values 1.3-1.6; and 3= high PMR-values equal to or higher than 1.7.

score is summarised in the total value of the combined PMR index (see Annex 8). With regard to cross-country differences in the degree of national production market regulation, the Nordic countries (Denmark and Sweden) and the Anglo-Saxon countries (United Kingdom and Ireland) feature the lowest scores on PMR. This contrasts to the extent of market regulation in the 'Southern' countries Italy, Greece and France. The continental-European countries (and Portugal) are characterised by a medium extent of PMR.

With regard to cross-sectoral differences in index values, the construction sector exhibits far the highest value of market regulation (see table 65, Annex 8). National building codes and European regulatory rules on public procurement as well as the posting of workers directive which has been transposed into national law by the member states directly affect labour and product market regulation in the construction sector account for the high index value (cf. section 9.5.1). A medium-level of market regulation is reported for the telecommunications, chemical and industrial cleaning sector. The telecommunication sector still remains a strongly regulated sector although all member countries have liberalised their telecom services market according to the European regulatory framework (cf. section 9.4.1). However, the process of liberalisation of various aspects and service operations (i.e. interconnection and access regimes, bitstream access, competition in broadband internet access, cost accounting systems that ensure tariff transparency) is still ongoing and is monitored (in cooperation with the European Commission) by national regulatory authorities. In the chemical sector the REACH regulation – without being a genuine market regulatory instrument – on the use and proceeding of chemical substances has been reported as indirectly affecting product market conditions (cf. section 9.2.5). In the industrial cleaning sector European regulation on posting of workers and – to a lesser extent – on services provision, (i.e. the posting of workers directive and the services directive), have been reported to have an influence on labour market access of foreign workers. A low degree of market regulation is observed in the metal and banking sector as well as in the food industry. The latter sector however can be considered as a borderline case as some segments of the sector (i.e. meat processing) are also strongly affected by the European posting of workers directive.

8. Thematic focal points of the qualitative and descriptive sector analysis

Three crucial aspects are focused upon in this study. First, a brief description of the economic background in the sector with regard to capital and labour mobility, export dependence and the extent of foreign investments as well as other relevant, sector-related particularities relating to the economic sphere is given. Second, the national systems of industrial relations in the particular *sectors* under consideration are analysed from a comparative cross-country perspective. Third, the specific structures of the *European-level* industrial relations system in the respective sectors and the *interest positions* of *European social partners* of the respective *sectors* are investigated in a qualitative, actor-specific analysis.

8.1 Sector typologies of the national collective bargaining systems

Whereas the first two focus areas, i.e. the economic and the institutional sets of variables, are addressed from two distinctive analytical angles by both quantitative and a qualitative analytical tools, this methodological distinction is less clear-cut with regard to the European-level industrial relations structures and actors' perceptions. The operationalisation of economic and institutional variables as laid down in section 5 aims at investigating them by means of a log-linear regression analyses. However, it has to be noted that European-level factors are considered *indirectly* in the operationalisation process of the institutional factors. This is due to the fact that the selection of trade union organisations in the respective sectors is based on a concept of 'sector-relatedness' that strongly accounts for the criterion of 'representativeness' promoted by the European Commission. In the Commission's communication from 1993 (COM(98) 322 final) the criteria and preconditions for employers' and employees' organisations in order to be recognised as 'European social partners' to the European social dialogue on the sector-level are specified. Thus, firstly, representative social partner organisations have to relate to specific sectors or categories and be organised at European level; Secondly, they have to consist of organisations which are themselves an 'integral and recognised' part of Member States' social partner structures, have the capacity to negotiate agreements, and which are representative of all Member States; Thirdly, their structures have to be adequate to ensure the effective participation in the consultation process.

In order to take the principle of representativeness into consideration the concept of 'sector-relatedness' is decisive. The question of how to delineate the scope of reference for workers' organisations to be representative in a certain sector could be tackled in two ways. A 'top-down' approach suggests an affiliation of national trade union organisations to a European

Industry Federation, i.e. a member organisation of the inter-sectoral ETUC, as a sufficient criterion to be representative within a certain sector. The recognition of 'representative' and thus legitimate labour market organisation by the Commission can be conceived as an incremental process that outdates the establishment of the inter-professional European social dialogue in the 'Delors era' in the 1980s. The restructuring of the organisational structure of the ETUC that centred around the 'European Industry Federations' strengthened the sectoral dimension of European social dialogue (see section 1.3.1). Contrastingly, a 'bottom-up' process of conceiving representativeness would put stronger emphasis on the structural conditions of national trade union systems and thus better account for diversity of industrial relations in the member states. However, since only the first approach is of political relevance since it determines the evolution of a European system of industrial relations to a great extent, this study refers to a criterion of 'sector-relatedness' that is also adopted in the recognition process of social partner organisations by the European Commission³⁷.

The 'sector analyses' carried out for the seven sectors of investigation, i.e. metal, chemical, food production, telecommunication, construction, banking and industrial cleaning, consist of two parts. The first section summarises descriptions and assessments of sector-specific economic structures and conditions derived from expert interviews. In the second part key features of the industrial relations systems of the countries under consideration are investigated from an empirical point of view.

In line with the hypotheses postulated in section 4.1 and the operationalisation of the institutional factors (cf. section 5.1), the following crucial variables are considered (see also table 4):

- Variable „Representational domain concentration/fragmentation’
- Variable ‘Extension practice’
- Variable ‘Collective bargaining coverage’

³⁷ The surveys on the ‚representativeness of social partners’ commissioned by the European Foundation for the Improvement of Living and Working Conditions for the relevant sectors serve as a guide of reference for the selection of sectoral trade union organisations considered in this study.

- Variable 'Sector-level collective bargaining': Index of the following three variables:
 - dominant level of collective bargaining,
 - existence covert coordination mechanisms in the form of pattern bargaining,
 - existence of both peace obligation and legal enforceability of collective agreements;
- Variable 'Union density of sector-related trade unions';

In the following sections, the countries considered in this study are analysed from a comparative perspective. Finally, a typology of the respective key variables will be derived from the cross-country investigation.

8.2 Actor-specific factors: How are the different paths of Europeanisation of collective bargaining perceived by EIF key actors?

The third focus area of this study is the analysis of perceptions and interest positions of European employers' and employees' organisations. In semi-structured expert interviews with relevant trade union bargainers issues such as the existence and form of cross-border collective bargaining initiatives and projects, their decision-making structure, interest constellations of national member organisations, problems and difficulties that hinder cross-border cooperation is investigated. Moreover, the existence and implementation of coordination instruments such as coordination rules or wage formulas as well as the systematic collection of collective bargaining data, regular reporting and monitoring systems, cross-sectoral integration of collective bargaining coordination systems are addressed in the qualitative analysis.

Within each of the sector chapters the European Industry Federations' (EIF) key actors' perceptions and assessments of central and decentral patterns and strategies of collective bargaining coordination are summarised. The data is gained from semi-structured interviews with collective bargaining experts from the EIF in the sectors under consideration. The interviews centre around aspects such as the interest constellations of member organisations, preferences with regard to structures and practices of cross-border inter-union coordination initiatives and the issues discussed in such forums. Issues of priority and the relevance of wage bargaining issues compared to other bargaining topics such as training, flexicurity, corporate social responsibility should be revealed. Models of best practice that are of particular interest for the trade union organisations should be identified. In order to grasp the

evolution of transnational bargaining initiatives in a more dynamic perspective, changes, trends and new developments are considered. Normative orientations with respect to the 'model' of transnational coordination and the existence of competing approaches are considered in the analysis. Another topic of interest is the relationship between centralised coordination approaches in the framework of European social dialogues on the sector level and decentral inter-union coordination activities. According to the research questions laid out in the introduction chapter (cf. section I), an investigation on the nature of the relationship (competitive, mutually complementary or independence) between both forms of Europeanisation is carried out. In addition to the description of the sector's economic background, the relevance of factors such as labour and capital mobility, export dependence, product market regulation/liberalisation in the specific sector is assessed by trade union key actors.

9. Sector Analyses

In the following chapters (9.1 to 9.7) the sectors under consideration, i.e. metal, chemical, food production, telecommunications, construction, banking and cleaning, are analysed in terms of their specific institutional structures and conditions affecting the transnationalisation of collective bargaining. The sector analyses further focus on perceptions and orientations of the most relevant union actors on the European sector level with regard to the adoption of a specific approach, i.e. centralised or decentralised, on the transnational coordination of collective bargaining policies. In addition, the relationship between the instrument of European sector dialogue on the one hand and the transnational coordination of collective bargaining policies is addressed in the qualitative part of the sector analyses.

9.1 Metal Sector

The European metal sector has undergone considerable change during the years of intensified integration of the European single market spurred on by the legal and institutional innovations associated with the Maastricht Treaty and the European Economic and Monetary Union. Even though most privatisation in the industry took place in the 1980ies and 1990ies, cross-border mergers and acquisitions aiming at maintaining the competitiveness of the European metal and steel industry led to a radical transformation of working conditions and practices in the member countries. The number of employees in the European metal and steel industry is on a constant decline (Beguin 2005). Besides a number of measures taken at Community-level, the European Commission called for the strengthening of social dialogue on sectoral level. However, with the exception of shipbuilding, the metal industry has not been represented in the European structures of social dialogue until very recently. In shipbuilding the EMF on the employees' side and CEFS (Community of European Shipyards Association) on the employers' side established a sectoral committee in 2003 (also see section 1.3) which was followed by the setting up of a committee in the steel sector in 2006. Social partner organisations from the automotive industry and the sub-sector of non-ferrous metal have submitted a formal request to establish a committee in 2006 and 2007, respectively. In contrast to the chemical sector, where a sector-wide committee was established in 2004, it is not feasible to establish a sector-encompassing committee for the metal industry that comprises sub-branches such as the production of steel, processing iron and steel, the production of metal products, machinery and the automotive sector. The high degree of diversity with respect to the production process, market structures and conditions as well as the strong organisation of the industry's and employers' side on the sub-sectoral level led to the establishment of separate sector committees in shipbuilding, the automotive industry and the production of non-ferrous metals. The Commission recognised CESA (shipbuilding), CLEPA (automotive industry) and EUROMETAUX (non-ferrous metals) as social partner organisations on the employers' side. The iron and steel industry traditionally played a major role in the process of Europeanisation. The steel industry's social partner organisations EMF and EUROFER have initiated an application process for a sectoral committee in 2002. The recognition process of EUROFER as a social partner organisation has been ongoing until the year 2006 when the sectoral committee has finally been created.

In the metal sector, the tradition of social dialogues has been deeply anchored through the European Coal and Steel Community Treaty (1951). With the Consultative Committee as a channel of information and consultation for the High Authority that later merged with the European Commission, a tripartite body for consultation in the fields of industrial policy and

social policy affairs was established. After the expiration of the ECSC Treaty in 2002, the activities of the ECSC Consultative Committee were transferred to the European Economic and Social Committee (Beguin 2005).

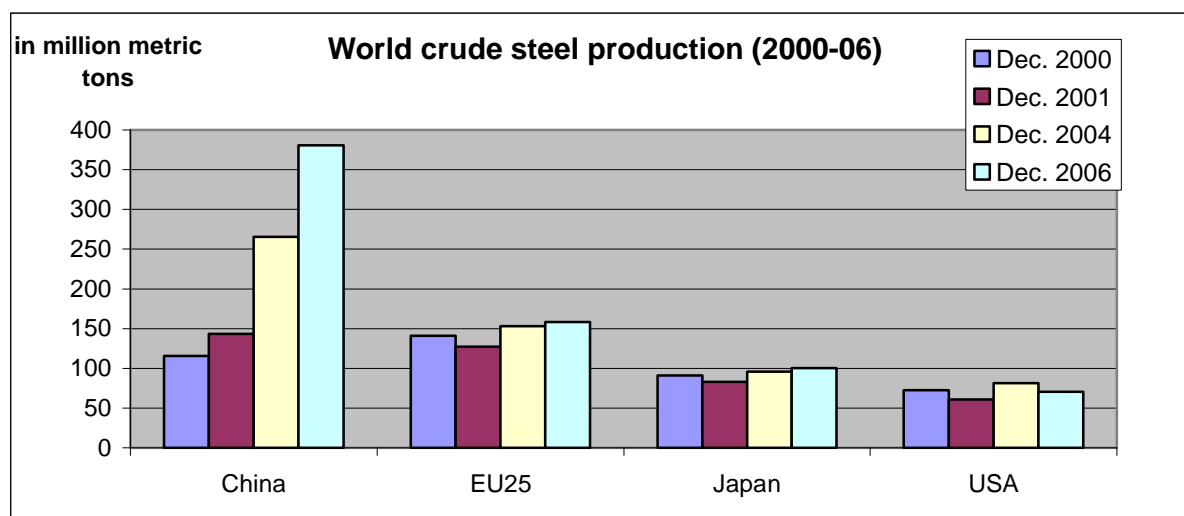
The recent efforts of social partners in the automotive industry and the sub-sector of non-ferrous metals to establish formal structures for European social dialogue and the establishment of a social dialogue committee by the iron and steel industry social partner organisations increased the interest in studying the structures of employees' and employers' interest organisation in the metal sector. The following sections give an overview about fundamental economic particularities of the European metal sector and some of its sub-sectors (cf. section 1.1.1) and the industry's industrial relations structure (cf. section 9.1.3) with a focus on European metal sector unions from 17 EU-member countries affiliated to the European Metalworkers' Federation (cf. section 9.1.2).

9.1.1 Economic background

The European Union (EU25) is the second largest global producer of ferrous metals (see table 12), only surpassed by China. Whereas in early 2001 the production volume of the EU15 and China was on a comparable level, China more than tripled its output of crude steel between 2000 and 2006 (ISSI 2007). Japan ranks third in the worldwide crude steel production, with an upwards trend of 10 % in the time period of 2001 to 2006. This development is also mirrored in Europe (+ 12 %). In the same period, US crude steel output stagnated (- 2.8 %).

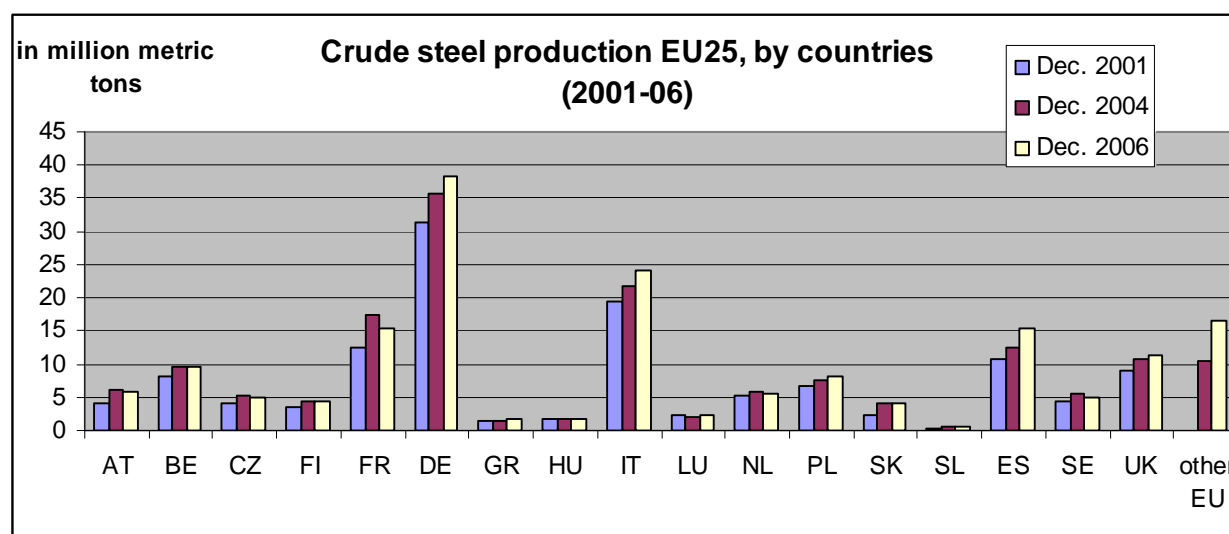
In Europe crude steel output grew from around 130 to almost 160 million metric tons between 2001 and 2006. As table 7 shows, Germany is the single largest European crude steel producer (i.e. 38.5 million metric tons in December 2006), followed by Italy (24 million metric tons), Spain (i.e. 15.5 million metric tons) and the United Kingdom (i.e. 11 million metric tons). Among the new member states steel output has been largest in Poland (i.e. 8 million metric tons), followed by Slovakia (i.e. 4 million metric tons), Hungary (1.7 million metric tons) and Slovenia (i.e. 0.5 million metric tons).

Table 6 – World crude steel production (2000 – 2006)



Source: International Iron and Steel Institute, Steel statistic archive, 2007

Tab. 7 – Crude steel production in the EU25 (2001-2006)



Source: International Iron and Steel Institute, Steel statistic archive, 2007

In 2002 and 2004 the EU15 was a *net exporter* of steel (see tables 8 and 9). Only in 2001, Europe's steel imports exceeded exports. With regard to semi-finished and finished products (ingots and semis, hot rolled wide strip in coils, finished and flat products), the EU15 reported a positive external trade balance in 2001, 2002 and 2004. On a global scale besides the EU only Japan is a net exporter of steel. In the US steel imports largely exceeded exports in the period of observation. In 2004, two thirds to three fourths of the EU member state's output is

traded within the European Union, almost 15 % are exported to other European countries (IISI 2007). Steel imports from the largest global producer, China, to the EU are relatively small since the largest share of the country's exports (14.5 %) are directed to other Asean countries including Japan (IISI 2007).

The economic weight of the metal industries becomes apparent from an inter-industry perspective. In 2005 the EU25 gross output of the most important metal branches, i.e. basic metals, investment goods, machinery and automotive, to the amount of 3,688,600 million € (converted in purchasing-power-parity) accounted for more than 17 % of total EU25 output (including non-market services such as public administration, education and health) (KLEMS 2008). Other economically important market-sector industries such as construction, finance, chemicals (including rubber and plastic products and other non-metallic mineral products) and food account for 7.4 %, 5.9 %, 5.4 % and 3.5 % of total EU25 output in goods and services (2005). Within the metal industry (see table 10), gross output is largest in investment goods (i.e. more than 1,423,000 million purchasing-power-parity-converted €), basic metals (i.e. 842.400 million €), automotive (i.e. 820.000 million €) and machinery (i.e. more than 600.000 million €). However, between 1995 and 2005 gross output grew largest in transport equipment (+ 81.5 %), followed by output growth in investment goods (+ 60 %), basic metals (+ 41 %) and machinery (+ 37 %).

Tab. 8 – EU15 Imports – Exports 2001 and 2002

	2001 II. Quartal		2002 II. Quartal	
	IMPORTS (in 1000t)			
Regions/Countries	Semifinished and finished products ^{b)}	Steel	Semifinished and finished products ^{b)}	Steel
EU-15 ^{a)}	21.463	14.756	25.492	14.597
Third countries	7.142	5.369	6.467	4.945
Thereof:				
I. EFTA)				
Eastern Europe	1.688	1.279	1.276	1.005
US	3.714	2.915	3.517	2.770
China	68	39	58	39
Japan	70	44	103	76
	92	66	102	74

	2001 II. Quartal		2002 II. Quartal	
	EXPORTS (in 1000t)			
Regions/Countries	Semifinished and finished products ^{b)}	Steel	Semifinished and finished products ^{b)}	Steel
EU-15 ^{a)}	23.209	16.042	27.649	19.165
Third countries	7.415	4.900	7.644	5.129
Thereof:				
I. EFTA)	2.685	4.430	2.397	1.608
Eastern Europe	1.367	820	1.327	779
US	1.384	1.020	1.185	948
China	223	148	299	192
Japan	16	11	14	8
	NET EXPORTS (in 1000t)			
	2001 II. Quartal		2002 II. Quartal	
EU-15 ^{a)}	273	- 469	1.177	184

^{a)} III. Quartal 2002

^{b)} ingots and semis, hot rolled wide strip in coils, finished products, flat products

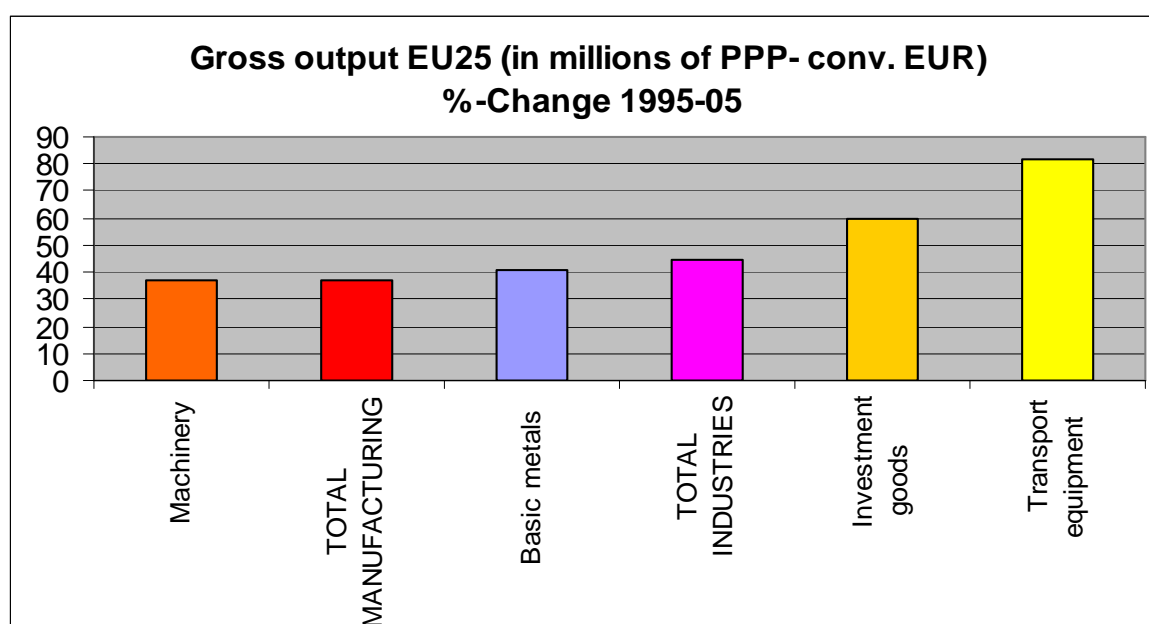
Source: own table according to IISI 2007

Tab. 9 – World Steel Trade 2004

Regions/Countries	EU15 IMPORTS (in million metric tons)
EU-15	115.3
Third countries	30.1
Thereof:	
China	0.3
Japan	1.3
Japan	0.4
Regions/Countries	EU15 EXPORTS (in million metric tons)
EU-15	132.2
Third countries	38.0
Thereof:	
China	5.9
Japan	1.8
Japan	0.1
Regions/Countries	EU15 NET EXPORTS (in million metric tons)
EU-15	7.9

Source: own table according to IISI 2007

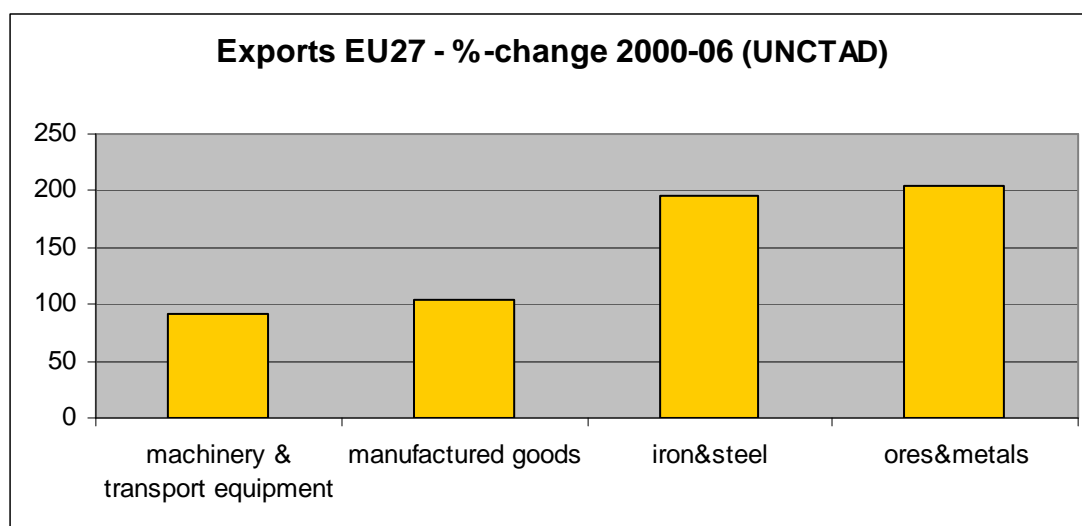
Table 10 – Gross output in the EU metal sectors 1995 – 2005



Source: KLEMS 2008

Furthermore, the metal sectors are highly export-dependent. Exports of the metal sectors exceed those of other exposed industries such as chemicals and food production (cf. section 7.3). In 2006 exports have been largest in machinery and automotive, accounting for 40 % of all EU27 exports in goods (UNCTAD 2008). In sub-sectors such as ores and metals and iron and steel the shares are comparably lower, i.e. 4 and 3.7 % of total exports in goods. Between 2000 and 2006 export growth has been largest in raw-materials and semi-finished and finished metal and steel products, i.e. + 204 % and + 196 %, respectively (see table 11). In machinery and transport equipment, exports grew by 92 % in the same period and thus were slightly below total exports in manufactured goods which grew by around 100 %.

Table 11 – EU27 Export growth in metal sectors and total manufacturing, 2000-06



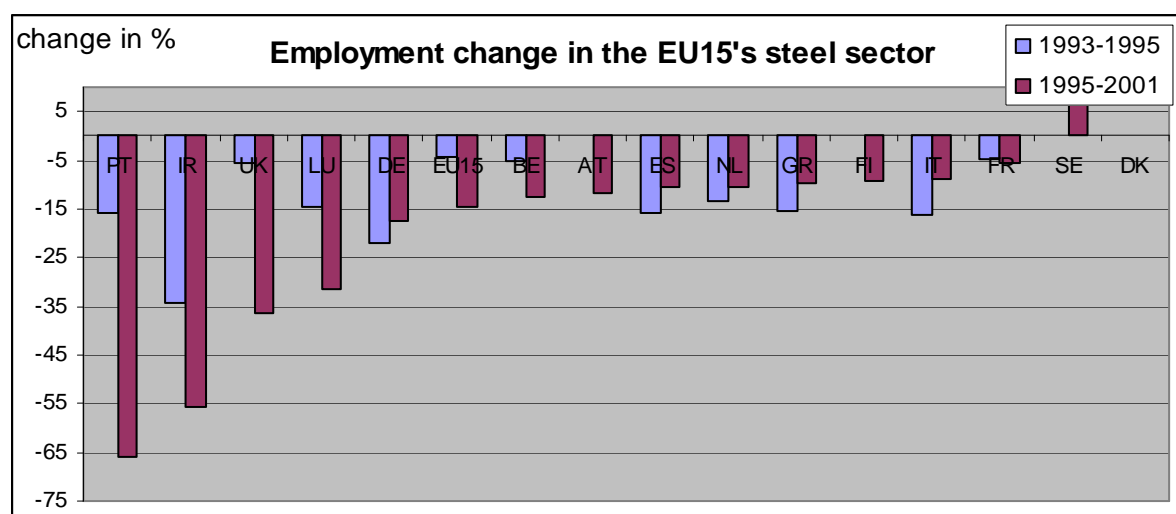
Source: UNCTAD 2008

Export dependence and increased international competition in internationalised markets exerted considerable strain on employment in the metal industries. Referring to employment data on the steel sector, Europe had to face a constant decline in the number of steel workers (Beguin 2005). The presented figures refer to the ECSC definition of the steel sector (NACE 27.10)³⁸. Between 1993 and 2001 the employment in steel industry decreased in all EU15

³⁸ With reference to the EIRO study on industrial relations in the steel industry (2005) and the respective Eurostat figures used by the authors, the ECSC definition of the steel industry corresponds to the NACE code 27.10 for Austria, Belgium, Germany, Ireland, Italy, the Netherlands and Spain. Employment data for the other countries under investigation (Denmark, Finland, France, Greece, Hungary, Norway, Poland, Sweden and the United Kingdom) cover the sub-sectors defined by NACE 27.10, 27.20 and 27.30 that jointly represent the “ferrous metal” sector.

countries (see table 12). Ireland, Germany, Italy, Spain, Portugal and Greece reported the largest loss in steel industry jobs in the short period between 1993 and 1995 (-34, -22 %, around - 16 % in the latter three countries, respectively). On the longer run (between 1993 and 2001), steel sector employment in Portugal and Ireland slumped by around 65 and 55 % respectively. In other countries, particularly in the United Kingdom (- 35 %), Luxembourg (- 32 %) and Germany (- 16 %), structural change resulted in considerable decreases in employment in the steel and iron sector.

Table 12 – Employment change in the EU15's steel sector



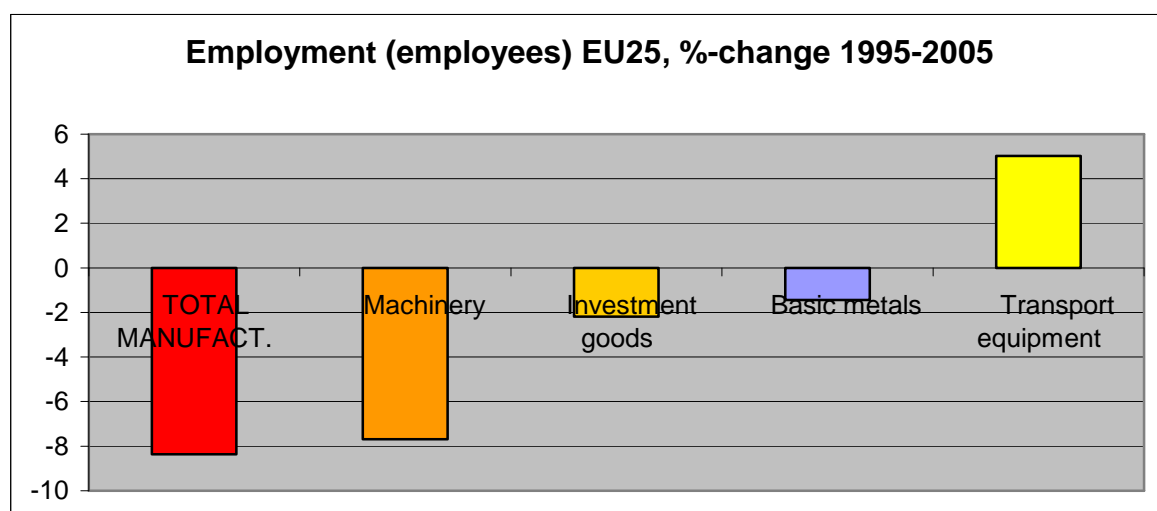
Source: EIRO 2005

With regard to employment changes within important metal sector branches of the EU25, most workers are employed in the production of investment goods, i.e. 6,350,000 in 2005, basic metals, i.e. 4,570,000, machinery, i.e. 3,400,000, and the automotive sector, i.e. 3,000,000 (KLEMS 2008). From a mid-term perspective, employment in the European metal sectors decreased considerably. In the EU25 employment decreased by 8 % in machinery between 1995 and 2005 (see table 13). This development was in line with contracting employment in manufacturing in general. In other sectors job losses have been more moderate, such as investment goods (- 2 %) or basic metals (- 1.4 %). In the same period, only in the automotive industry employment grew moderately by 5 %.

Technological innovations in steel production requiring less low steel and an increase in automation lead to a falling demand of manual labour. Moreover, economic restructuring, mergers and acquisitions to increase international competitiveness as well as a withdrawal of the state from ownership and control of the steel industry mark a fundamental change in the European iron and steel sector that directly affect labour relationships and work organisation.

The announcement of the European leading steel producing company, i.e. Arcelor, of planned restructuring measures in the group's European sites prompted the European Parliament to adopt a resolution on the crisis in the steel industry and to call on the European Commission to take measures on the Community level aiming at supporting vocational training, addressing social impacts of restructuring activities, and strengthening social dialogue. In the strongly concentrated steel industry the majority of workers in most European countries is employed in a few multinational companies that emanated from mergers and acquisitions between companies and groups. In 2007, the world largest steel-producing enterprise was ArcelorMittal (310,000 worldwide). Europe's second largest steel company, i.e. Corus (affiliated to the multinational Tata Steel Group), employed around 40,000 workers in the EU in 2006, most of them in the United Kingdom and in the Netherlands.

Table 13 – Employment in EU25 metal sectors (1995-2005)



Source: KLEMS 2008

The impact of the current global economic crisis which resulted in a further contraction of employment in Europe, in particular in the automotive (including car component suppliers) and metal sector, is however not yet foreseeable, and more recent sector-aggregated employment data is currently not available.

9.1.2 The national trade unions the metal sector

This section gives an overview of the social partner organisations in the EU15 member states. In order to render the carrying out of this study manageable, the analysis is subject to some assumptions that limit the number of potential sector-specific social partner organisations. Hence, the analysis is guided by two basic assumptions. First, social partner organisations are defined as employers' associations as well as trade unions and employees' organisations disposing of a *mandate for collective bargaining*. Second, only 'sector-related' social partner organisations are considered in this study. The concept of 'sector-relatedness' is based on two dimensions. First, it refers to the area of industrial activity as defined by the NACE (Nomenclature générale des activités économiques) classification system. In concrete terms, the definition of the *metal sector* underlying this analysis includes the following codes: NACE 27 (production and processing of metal), NACE 28 (production of metal products), NACE 29 (machinery), NACE 30, 31, 32, 33 (production of business machines, IC technology machines, electro-technics, fine mechanics and optics), as well as NACE 34 and 35 (motor vehicle production). This sector demarcation serves the purpose of ensuring comparability among the industrial relations systems in the EU member countries. In essence, it is derived from the organisational domain of the European Metalworkers' Federation. Therefore, it reflects a common 'European interest' shared by all national member organisations considered in the analysis. Second, the concept of sector-relatedness is – in addition to the coverage of one or more of the above specified NACE code areas – based on the dimension of collective action. That is, the association participates in sector-related collective bargaining that aims at the conclusion of a collective agreement covering either the entire metal sector or – what is more common – one or more of the specified sub-branches that are part of the metal sector.

Starting point of the analysis are the national trade unions affiliated to the *European Metalworkers' Federation EMF* on the employees' side and to CEEMET (Council of European Employers of the Metal, Engineering and Technology-based Industries³⁹) affiliates on the employers' side. However, in many member countries, the organisational domain of EMF-member organisations does not correspond exactly to the metal sector as it is defined above. For instance, the production of silver- and goldwork jewellery, garages and repair shops for motor vehicles are not pertaining to the metal sector as delineated above. Consequently, there is a high incidence of considering unions and employer associations in the study the organisational domains of which are not congruent with the above NACE demarcation of the

³⁹ CEEMET originates from the former Western European Metal Trades Employers' Organisation (WEM) founded on an ad-hoc basis in 1962 and formalised in 1970 (Bercusson 2007) in order to set up a European-level organisation that also represents employers' associations in the CEEC.

metal sector. The concept of sector-relatedness therefore requires further specification that allows for a distinction between organisations according to their sector-specific organisational scope. The following patterns can be distinguished (Traxler 2008):

- (1) Congruence: the domain of the association is identical with the NACE demarcation, as specified above.
- (2) sectionalism: the domain/purview covers only a certain part of the sector, as demarcated by the above NACE demarcation, while no group outside the sector is covered.
- (3) Overlap: the domain/purview covers the entire sector plus (parts of) one or more other sectors. However, it is important to note that general (i.e. sector-unspecific) associations which do not deal with sector-specific matters are not included in this analysis.
- (4) sectional overlap: the domain/purview covers part of the sector plus (parts of) one or more other sector.

With regard to the data, membership figures are provided either by the associations themselves or they are estimates. An inherent problem in membership data reported by trade unions and employers associations is that they are often inflated (or deflated) for political reasons. To obtain figures that correspond to the scientific standards of objectivity and comparability, reported data is often subject to corrections. In particular, trade unions tend to provide figures on the gross membership including inactive members such as pensioners and students. This study aims at presenting *net membership* figures (i.e. active members), provided reliable data on shares of inactive members in the totality of members is available.

An important source of information is the European Metalworkers' Federation since it is the first European Industry Federation that systematically collected data on collective bargaining (see section 3.2.1). However, since this system is in principle based on the voluntary commitment of the member organisations to report data on a regular basis, the obtained data is very often incomplete as entire countries or single organisations are staying out.

In the following sections, the industrial relations systems in the member countries' metal sectors are described with respect to the sectoral social partner organisations on the employees' and the employers' side engaged in collective bargaining, recent results in collective bargaining (2005 and 2006), collective bargaining level, the sectoral collective bargaining coverage and the existence of tripartite bodies for the consultation and participation of the social partners in industry policy and labour market and industrial relations issues. Data on trade union memberships and participation in sectoral public policy concertation and/or consultation of the social partners by the state or governmental agencies is summarised in the country sections below. However, for most trade unions, recent membership data is not

available (Ebbinghaus and Visser 2000). In the country summaries below, only more current membership figures are stated. Mostly, these figures reflect the reported membership that generally includes inactive trade union members such as pensioners and students. Moreover, the existence of tripartite consultative bodies and tripartite sector-specific boards of public policy in economic and social policy matters concerning the metal industry are examined. Parties on the employers' side are multi-employer organisations or business associations consulting on public policy affairs but though not exclusively industrial policies such as restructuring. Public policy consultation with *firms* is excluded from such tripartite consultations. Finally, the formal or informal nature of the sectoral social partner consultation is investigated.

9.1.2.1 Austria

In Austria, the *GMT*⁴⁰ (*Gewerkschaft Metall-Textil*) with a reported membership of 277,015 blue-collar workers and the *GPA*⁴¹ (*Gewerkschaft der Privatangestellten*) organising 202,477 white-collar workers in 2006 are the metal sectors' social partner organisations on the employees' side. On the employers' side, the *Economic Chamber of Austria (WKÖ)*, section industry, organises 100 % of the metal sectors' employers since its public-law status as chamber rests upon obligatory membership. With the Slovenian chamber GZS abolishing obligatory membership until 2009, the WKÖ is the only employers' association in the European Union that is not based on the principle of voluntary organisation.

The *trade union density* (net density) among blue-collar workers in the Austrian metal sector is around 75 % (Beguin 2005) and ranks among the highest in the industrial manufacturing sector. The collective bargaining coverage rate is close to 100 % due to the compulsory membership of the employers' association WKÖ. Three separate national agreements for the metal industry, the small trade-crafts industry and the electrical/electronic industry cover a totality of 325.210 blue and white-collar workers (2006).

Since the privatisation of the largest parts of the metal and steel industry in the mid-1980ies, no formal or informal relationships between the sectoral social partner organisation and the state exist. A second wave of privatisation in the sector started in 1993, when a law was

⁴⁰ In 2007, the GMT merged with the Union for Agriculture and Food (*Gewerkschaft Agrar-Nahrung-Genuss*) under the new name of '*Gewerkschaft Metall-Textil-Nahrung – GMTN*'.

⁴¹ The GPA merged with the Union of Graphical Workers, Journalists and Paper Workers – GDJP (*Gewerkschaft Druck, Journalismus, Papier*) in January 2007 to form GPA-DJP.

passed that obliged the Austrian state holding company ÖIAG to sell its shareholding in the metal sector by the end of 2003 (Beguin 2005). The metalworkers' union GMT has not been consulted during the years of the right-conservative government coalition (1999-2006).

9.1.2.2 Belgium

Belgian trade union members are represented either by the socialist FGTV/ABVV, the Christian CSC/ACV or the liberal CGSLB/ACLVB. Each of the organisations is sectionalized along the countries language divide between the francophone and the Flemish organisation. The FTGB/ABVV's affiliates in the metal sector are SETCa/BBTK for white-collar workers (i.e. employees, technicians and managerial staff) whereas blue-collar workers are organised in ABVV-Metaal/CMB-FGTB. Metal-sector related affiliates to the CSC/ACV are CSC Metal/ACV-Metaal, with approximately 220,000 reported blue-collar members in 2007 (gross membership), CNE-CSC which is organising white-collar employees and LBC-NVK with a white-collar Flemish membership (both affiliated to the Christian CSC/ACV). CGSLB Métal is the sector organisation of the liberal federation CGSLB/ACLVB.

The trade union density is around 90 to 95 % in the steel industry (Beguin 2005). Collective bargaining takes place at three levels: At the inter-sectoral level, all employees bargain jointly in order to conclude a framework agreement for industry workers in general. Additionally, on the industry level, different crafts bargain separately with separate bargaining for blue- and white-collar workers. On the company/plant level all employees bargain jointly. This level though is less important than the higher bargaining levels. In the steel industry sectoral level bargaining is carried out in two joint committees that negotiate separate collective agreements for blue- and white-collar workers. With regard to bargaining issues, the sectoral agreements function as framework agreements on certain matters such as early retirement, minimum provisions on pay and working conditions. These sectoral agreements are implemented and completed by company-agreements. The collective bargaining coverage rate is approximately 100 % in the Belgian steel industry.

On the employers' side, the multi-sectoral federation VBO/FEB represents members in the Flemish and the Wallonian regions of the country and reports to represent 1.5 million workers in total.

In Belgium tripartite negotiation structures exist at the regional level although negotiations take place rather on an ad-hoc than at regular basis, e.g. in 2001 and 2003 (Beguin 2005).

9.1.2.3 Czech Republic

The metal sector federation OS KOVO reported to organise around 350,000 members in 2003 (Kohl and Platzer 2004). Aggregated on the sub-sectoral levels, in 2005 OS KOVO Aircraft Production reports 1,467 members, OS KOVO Electro-technical industry had 4,176 members and OS KOVO Foundries reported 2,125 members. The *organisational densities* of the three trade union organisations (2005) are 32.5 % in aircraft production, 27 % in the electro-technical industry and 43.5 % in foundries (EMF 2006). The employers' peak organisation is the Confederation of Industry of the Czech Republic – SP CR with the Czech and Moravian Electrical and Electronic Association and the Foundry Association of the Czech Republic.

If the three agreements (aircraft production, electro-technical industry and foundries) are extended to the entirety of the employees of the respective sub-sectors that fall into the domain of the agreements, than approximately 23 % of *all employees* in the three most important branches of the metal sector are covered.

9.1.2.4 Denmark

The Danish bargaining cartel CO-industri⁴² Metal reports to represent 101,852 blue-collar workers (2003). IDA – representing the engineering professions – reports to have 61,000 members whereby 16,000 pertain to the metal sector. The *trade union density* in the steel industry is around 85 % (Beguín 2005). The inter-sectoral organisation structure is also found on the employers' side. The Confederation of Danish employers (DA – Dansk Arbejdsgiverforening) bargains directly with CO industri Metal.

Collective bargaining takes place on the inter-industry level whereby blue- and white-collar workers bargain separately, on industry level where different crafts bargain separately and on company/plant level whereby different employee groups bargain separately. Sector level-bargaining, as part of the overall private sector industry settlement, provides a basic framework for company and plant level bargaining. The *collective bargaining coverage rate* in the metal industry is close to 100 %.

With regard to tripartite consultative bodies, no formal, permanent bodies exist in the Danish metal sector. However, social partner organisations participate in national and European

⁴² CO-industri is a bargaining cartel founded by the largest trade union federation LO (Landsorganisationen i Danmark) in 1992.

hearings and consultancy meetings with representatives from the government and the European Commission.

9.1.2.5 Finland

Finnish employees organise along sectoral and professional lines with separate organisations for blue- and white-collar workers. Workers in the metal sector are represented either by Metalli, an affiliate of the peak level federation SAK, or by the Finnish Electrical Workers' Union (also a SAK affiliate). White-collar employees and higher-rank staff are organised in TEK (representing graduate engineers) and IL ry (professional engineers) as well as the Union of Salaried Employees TU ry⁴³ that reports to represent 125,000 members (2006). The bargaining partner on the employers' side is the cross-sectoral TT (Teknologia Toellisuus), Technology Industries of Finland. *Trade union density* in the metal sector is close to 90 % (Beguin 2005).

Finland is characterised by a multi-level bargaining system whereby the inter-industry level, with white and blue-collar workers bargaining separately – is the most important one. On industry level different crafts negotiate separately, and on company/plant level collective bargaining is carried out for distinct employee groups. Sector-level collective agreements are part of the overall metalworking industry agreement whereas more detailed regulations are concluded in additional negotiations on enterprise and plant level. The collective bargaining coverage of almost 100 % is among the highest in the European Union.

Since in Finland the metal sector is less important in terms of production volume (see section 5.1.1), and its relative importance is low compared to the chemical sector (paper/pulp industry, pharmaceutical industry), neither are any formal tripartite structures of policy consultation and concertation existing, nor are informal, regular coordination activities taking place.

⁴³ TU was founded in 2001 as a merger of TL – The Union of Technical Employees, STL – Union of Salaried Employees in Industry in Finland, RAL – Federation of Private Building Employees and STAF – Swedish Association of Technicians and Foremen in Finland.

9.1.2.6 France

In France, *FGMM (Fédération Générale des Mines et de la Métallurgie)*, the metal sector's organisation of the leftist *CFDT (Confédération Française Démocratique du travail)*, *FO Métaux*, the Force Ouvrière's (FO) metal sector federation, *CFTC Métallurgie*, the sector's division of the Christian confederation (*Confédération Française des Travailleurs Chrétiens*) as well as the *FTM/CGT (Fédération des Travailleurs de la Métallurgie de la Confédération Générale du Travail)* that was formerly closely related to the Communist Party, are participating in collective bargaining on a regular basis. On the employers' side, *UIMM (l'Union des Industries et Métiers de la Métallurgie)* bargains on the industry level. Figures on the unionisation rate in the metal sector are not available at present. Since the trade union density in France ranks among the lowest in Europe – in 2003 it was over 8 % - and since the metal sector traditionally is one of the stronger organised industries, trade union density in the metal sector is estimated to be around 12 %⁴⁴. Sectoral collective agreements are completed by regional and (large) company agreements. Despite the fact that the company and the plant level are the predominant collective bargaining levels, the bargaining coverage rate approximates 100 % of the employees working in the metal sector. On the national level, a common agreement for both blue and white-collar workers has been negotiated by the sectoral social partners. Another one has been concluded for blue-collar workers on the regional level, and one national agreement for white-collar employees provides for specific guarantees (e.g. minimum wage). The multi-tier collective bargaining process accounts for the exceptionally high coverage rate in the metal sector. Recently (2006), several company-level agreements, with or without the participation of *FGMM-CFDT*, *FTM-CGT* and *CFTC Métallurgie* – depending on the company presence of the trade unions – have been concluded. The collective bargaining coverage rate is almost 100 %.

In France, the state maintains close relationships with the metal industry's social partners, but not apparently through any formal structure (Beguín 2005).

9.1.2.7 Germany

The sector's social partner are *IG Metall* that reports to organise 1,350,000 members in 2006, and the employers' association *Gesamtmetall (Gesamtverband der metallindustriellen Arbeitgeberverbände)* concluded three regional steel industry agreements

⁴⁴ Trade unionisation is highest in the public sector, where in 2003 approximately 15 % of all employees have been union members (EC 2006).

(‘Flächentarifverträge’) for the regions ‘West’ (covering the western German states of Bremen, Lower Saxony and North Rhine Westphalia), ‘Saarland’ and ‘Eastern Germany’. Companies in other western federal states are covered by the collective agreements for the *metalworking industry* (Beguin 2005). In the bargaining round 2003/04 only one company, the Italian based Riva, left the sectoral agreement in order to engage in company-level bargaining (Beguin 2005). Although collective bargaining predominantly takes place on the industry-level whereby blue and white-collar workers bargain jointly, company and plant-level bargaining (also with white and blue-collar employees bargaining jointly) becomes increasingly important. The trade union density rate in the steel industry is around 70 % in the western part of the country whereas in the eastern federal states it is above 60 % (Beguin 2005). According to the membership data reported by IG Metall, trade union density in the more encompassing *metal sector* is about 42 % (EMF 2006).

With regard to public policy consultation and concertation, no such formal structures exist in the metal sector. After the privatisation of the eastern German steel industry in the aftermath of the country's reunification, such tripartite bodies have been dissolved. However, cross-industry consultations of the social partners on social policy, industrial policy and industrial relations issues occur on an informal basis.

9.1.2.8 Greece

For the Greek metal sector only limited data is available. The Panhellenic Federation of Metal Workers (POEM) reports to represent 100,000 members in 2005⁴⁵. Since figures on employees working in the entire metal industry are not available, the trade union density can not be estimated. The same holds true for estimates on the sector's collective bargaining rate. However, collective bargaining in the steel industry takes place on the sector-level, as a part of the overall settlement for metal production and processing.

Despite the Greek state still controls a considerable number of large steel companies, there exist no formal tripartite policy concertation and consultation structures on industry-level (Beguin 2005).

⁴⁵ The membership figure seems to be largely inflated, since according to Eurostat figures only 2,240 workers have been employed in the Greek steel industry in 2001 (Eurostat 2008e) although the underlying sector delineation is wider than the ECSC definition of the steel industry (NACE 27.10).

9.1.2.9 Italy

In the Italian metal sector, three trade unions affiliated to the three main trade union peak-federations CGIL (the General Confederation of Italian Workers) which unifies members from the socialist, communist and christian-democratic spectrum and is the largest confederation, CISL (Italian Confederation of Workers' Union) which declares to be non-partisan and non-ideological in its orientation is second largest, and the third-largest peak federation UIL (Union of Italian Workers), bargain together with FEDERMECCANICA, the industry's employers' association. UILM (UIL), FIM (CISL) and FIOM (CGIL) report to organise 363,942 members (2004), contribute to a union density rate of 90 % in the steel industry (Beguin 2005). Collective bargaining takes place on the industry level whereby either all workers bargain jointly or different crafts negotiate separately. On company or plant level, distinct employee groups bargain separately.

In general, in Italy all collective bargaining levels (i.e. inter-sectoral, sectoral and company-level) are existing but they are considered to be not very important (Traxler et al. 2001). In the bargaining round 2006, the three main union confederations negotiated a national sectoral collective agreement for overall metalworking (blue and white-collar workers) which is supplanted by company and territorial agreements, whereby the lower levels are dealing with more specific issues. In the metal sector the coverage rate of the national agreement approximates 100 %.

In Italy where the privatisation of metal industry companies has been completed in 1996, tripartite consultative or monitoring bodies are existing (e.g. Steel Industry Observatory) (Beguin 2005).

9.1.2.10 Ireland

Collective bargaining in the metal sector is carried out by cross-sectoral social partner organisations. The bargaining party on the employees' side in the Irish metal sector is the cross-sectoral SIPTU (The Services, Industrial, Professional and Technical Union) that reports a membership of 2,468 solely in the metal industry (EMF 2006). On the employers' side, the Irish Business and Employers' Confederation (IBEC) takes place in negotiations on pay and non-pay issues. Negotiations are usually occurring on a 3-year basis. The inter-sectoral bargaining level is the most dominant one. Nevertheless, collective bargaining is carried out also on the industry level, with all workers bargaining jointly, although not in the metal industry.

Additionally, negotiations are also taking place at company or plant level. This level however is not important since individual negotiations between employees or company-based employee representatives and the management prevail. The collective bargaining coverage in the metal sector is 16.5 % (EMF 2006). The share of white-collar workers in the metal sector as a percentage of SIPTU's total number of members is around 10 %.

Tripartite talks and governmental consultations with the cross-industry employees' and employers' organisations Irish Congress of Trade Unions (ICTU) and IBEC, the farming organisations and organisations representing the community and voluntary sector are taking place on a formal and regular basis. However, no such structures exist for the metal sector.

9.1.2.11 Netherlands

On the employees' side, VHP Metalektro, organising senior and middle-ranking staff, and the inter-sectoral organisations FNV-Bondgenoten⁴⁶, De Unie and CNV Bedrijven Bond are participating in collective bargaining in the metal sector. Aggregated data on the *sector's* trade union density is not available, only for the largest metal sector company – Corus – a union density rate of 42 % is reported (Beguin 2005). According to membership figures reported by the trade union federations FNV-Bondgenoten, De Unie and CNV Bedrijven Bond, the sectoral density rates for these organisations are 18 %, 28.5 % and 26 %. For the white-collar union VHP Metalektro the sectoral density rate is estimated to be around 15 %.

The employers are represented by the Vereniging FME-CWM which organises companies in the technological industry, such as metals automotive and engineering. In the last years, no inter-industrial collective bargaining has taken place in the Netherlands. In general, collective bargaining is carried out on the industry level, either all workers bargain jointly, different crafts bargain separately or white and blue-collar workers bargain separately. SME are represented by a separate association of employers in the metal and technical sector, which bargains for branches such as car bodywork, gold and silver smiths, isolation, metal, garages/bikes and technical installation. Moreover, collective agreements are resulting from a combination of industry and company bargaining whereby all employers bargain jointly (Traxler et al. 2001). Since there exists a sectoral collective agreement for the entire metalworking industry (for blue and white-collar workers) with the exception of only two companies – Corus/Hoogovens and Philips – which have their own agreements, the collective bargaining coverage rate is

⁴⁶ FNV Bondenoten – by far the largest union of the Netherlands – is a merger of Industriebond FNV (industrial workers' union) with three other FNV unions in 1999.

approximately 100 %.

With respect to tripartite consultative bodies, no such structures – either formally or informally – exist in the Dutch metal sector. However, on cross-sectoral level formal consultative institutions such as the Social Economic Council (SER) where peak trade union organisations are represented in talks with the Ministries of Social Affairs and of Economic Affairs are existing. Official meetings of the social partners and the government in the Foundation of Labour (Stichting van de Arbeid) are taking place twice a year.

9.1.2.12 Poland

The three most important metal sector unions in Poland are the Metalworkers' Secretariat of NSZZ Solidarnosc, OPZZ – Trade Unions Federation Metalowcy and FHZZ-OPZZ. Trade union density in the steel industry is estimated to be around 90 % (Beguin 2005). Metal sector employers are organised in the Association of Iron and Steel Industry, the Association of companies of the defence industry, the Shipbuilding Forum and the employers' association MZP which organises mainly SME. Two separate agreements have been concluded for the metal and steel industry and the defence, air and space industry, in 2004 and 1997 respectively (EMF 2005). Both multi-employer agreements cover blue and white-collar workers and have been concluded with unlimited validity. Most metal-processing employers also have in-house collective agreements (Beguin 2005). The coverage rate of the collective agreement for the steel industry is lower than 10 % (Traxler and Behrens 2002), provided it is assumed that it has not been extended to non-members of the signatory trade unions.

In general, collective bargaining in Poland is carried out on the inter-sectoral, the industry and the enterprise level, whereby the latter is most important.

In Poland, where the state is holding shares in one large company (Beguin 2005) until the end of 2009, legislation provides for a 'tripartite sector team' for the sector's restructuring and as a forum for the negotiation of collective agreements. Currently, three tripartite bodies for consultation are existing in the metal sector. In the Tripartite Team for the Social Condition of Steel restructuring the Federation of steel trade unions in Poland and the Employers' Association of the Iron and Steel Industry are represented, in the Tripartite team for companies of the defence industry the Trade Union Federation 'Metalowcy' and the Employers' Association of companies of the defence industry are participating, and the Tripartite team for the shipbuilding industry is made up again by 'Metalowcy' on the employees' side and by the Shipbuilding Forum on the employers' side.

9.1.2.13 Portugal

The three multi-sector trade union confederations SINDEL (UGT), FEQUIMETAL (CGTP) and SIMA (UGT) represent blue and white-collar workers in the metal industry and are affiliated to the country's largest peak federations (i.e. UGT – General Workers Union and CGTP – General Portuguese Workers' Confederation). However, more recently several collective agreements in metallurgy have been concluded with the participation of only FEQUIMETAL and the employers' associations FENAME (The National Federation of the Metal Industry) and AIMMAP (Association of Metallurgy, Mechanical Engineering and Allied Industries of Portugal) respectively. Company agreements have been negotiated for the automotive industry, mining, garages and car repair and other sectors that fall not into the coverage of the metal sector as defined above but pertain to the organisational domains of FEQUIMETAL (jewellers, oil processing industry). Despite the fact that no data on trade union density in the Portuguese steel industry is available, it can be concluded that the unionisation rate in the metal sector is higher than the country's overall net union density of 24 % (Traxler et al. 2001). In Portugal, collective bargaining takes place on industry-level, whereby different crafts bargain separately. However, the company/plant-level is by far the most dominant bargaining level.

The Portuguese social partners of the metal sector are not consulted on a formal basis nor are they participating in public policy concertation since no such tripartite structures are existing.

9.1.2.14 Slovakia

KOVO, the Slovak Metalworkers' Federation, reported to organise 90,000 blue and white-collar workers in 2001 (Carley 2002). The largest employers' association participating in collective bargaining is AZZZ SR. Traditionally, the metal sector is a strongly organised sector. However, figures on the sectoral trade union density are not available. Hence, there is reasonable evidence that the unionisation rate in the metal sector is higher than the inter-sectoral union density rate of approximately 30 - 40 % (Carley 2002). In 2006 collective agreements have been concluded for the electro-technical industry, for metallurgy and for engineering, for blue *and* white-collar workers. Additionally, for IS Divident a company-agreement covering blue and white-collar workers has been negotiated in the same year.

9.1.2.15 Spain

The Spanish metal sector employees are represented by MCA-UGT, FTM-ELA (for the Basque Country) and FM/CC.OO. In the largest trade union confederation CC.OO's (Trade Union Confederation of Workers' Commissions) metal sector organisation FM 157.000 members (2007) are reported to be organised. Sector-aggregated data on membership of the second largest union confederation UGT (General Workers' Confederation) is not available. Trade union density in the Spanish steel industry is between 70 and 80 % (Beguin 2005). On the employers' side the National Employers' Organisation of the Metal Sector – CONFEMETAL – participates in collective bargaining. Bargaining is carried out on the industry level, either all workers bargaining jointly or different crafts bargaining separately. On company and plant-level, distinct employee groups bargain separately. In general, collective bargaining is reported to be not very important since individual bargaining with direct negotiations between employers and employees or their representatives on company/plant level prevails (Traxler et al. 2001). However, due to the pervasive practice of extension procedures the collective bargaining coverage rate in the steel sector approximates 100 %.

By far the largest part of the Spanish steel sector has been privatised by the late 1990ies. With regard to policy concertation and social partner participation in public policy-making, no such formal structures and bodies are existing on industry-level.

9.1.2.16 Sweden

On the employees' side, the Swedish Association of Graduate Engineers – Sveriges Ingenjör (formerly known as the SACO-affiliate CF) and SIF which organises white-collar employees in technology, knowledge-based and allied sectors as well as the blue-collar workers trade union IF Metall are negotiating collective agreements with the Association of Swedish Engineering Industries – TEKNIKFÖRETAGEN on the employers' side. IF Metall, that results from a merger between the Swedish Industrial Workers' Union (IF) and the Swedish Metalworkers' Union (Svenska Metall) in 2006⁴⁷, reports to represent 450,000 members in the metal sector. The trade union density rate in the steel sector is around 90 %. Since in the steel and metal-processing industry three sectoral agreements have been concluded by the three trade unions in 2006 (for blue and white-collar workers separately), the collective bargaining coverage rate

⁴⁷ Until 2006 the Swedish Metalworkers' Union – Svenska Metallindustriarbetareförbundet – affiliated to the national trade union confederation LO (Landesorganisationen i Sverige) – represented blue-collar workers in the metal sector.

is approximately 90 %. Though, in general, collective bargaining takes place predominantly on the company/plant level, whereby distinct employee groups bargain separately (Traxler et al. 2001).

In Sweden, where private ownership in the metal and steel sector is traditionally very far-reaching, no formal or informal structures for tripartite consultation and policy concertation are existing (Beguin 2005).

9.1.2.17 United Kingdom

The four main trade unions organising employees in the metal sector are all cross-sectoral organisations. GMB (National Union of Gasworkers and General Labourers), T&G (Transport and General Workers' Union), Amicus⁴⁸ – a cross-industry organisation with an encompassing membership domain that reports to represent 15,000 members (2007) in the steel industry – and Community⁴⁹, that organises – amongst others – workers in the steel industry, are negotiating collective agreements on the company level. The trade union density in the British metal sector is estimated to be around 60 % (Beguin 2005). According to the survey 'Pay and Conditions in Engineering 2005/06' carried out by Amicus on the basis of the Incomes Data Service (IDS) the collective bargaining coverage rate in the metal sector is approximately 66 %. Hence the metal industry is the most extensively covered sector with regard to collective bargaining.

In Great Britain, where the entire metal and steel sector has been privatised by 1990, no formal or informal structures for tripartite policy consultation and concertation are existing (Beguin 2005).

⁴⁸ In May 2007 the Transport and General Workers' Union (G&T) and the inter-sectoral union Amicus merged to form Unite. Amicus itself resulted from a merger between AEEU (Amalgamated Engineering and Electrical Union) and MSF (Manufacturing, Science and Finance) as well as the finance sector union UNIFI and GPMU (The Graphical, Paper and Media Union) in 2001.

⁴⁹ Community results from the merger between the Iron and Steel Trades Confederation (ISTC) and the National Union of Knitwear, Footwear & Apparel Trades (KFAT) in 2004 and organises workers in sectors such as clothing, textiles, footwear, steel, social services as well as workers with disabilities.

9.1.3 The National Systems of Industrial relations in the metal sector

This section aims at categorising the national industrial relations systems in the European metal sector on the basis of the core institutional variables, i.e. the degree of concentration/fragmentation of the trade union system, extension practice and collective bargaining coverage, characteristics of the sector-level collective bargaining system and density of sector-related unions (see section 9.1.3). In order to define the scope of industrial activities that constitute the metal sector, the NACE classification system is referred to. The 'sector-related' trade unions that are an indicator for the degree of domain concentration/fragmentation of the union system, the sector delineations have already been specified in section 9.1.2 and include NACE 27 (production and processing of metal), NACE 28 (production of metal products), NACE 29 (machinery), NACE 30, 31, 32, 33 (production of business machines, IC technology machines, electro-technics, fine mechanics and optics), as well as NACE 34 and 35 (motor vehicle production). The criteria of 'representativeness' specified by the European Commission (EC 1998) have been assessed for several sectors in so called 'representativeness studies' of social partner organisations. However, although EMF and the respective European employers' associations are represented in European sector social dialogue committees for shipbuilding and the steel sector both of which are considered as part of the broader 'metal sector', no such studies have yet been carried out for the respective sub-sectors. The same holds true for those sectors (i.e. the automotive and the non-ferrous metals sector) for which the establishment of a European sector dialogue committee has been applied for by the respective European social partner organisations. Therefore, in order to identify sector-related unions reference is made to the member organisations of EMF (EMF 2005 and 2006). With regard to *union density* it has to be noted that figures refer for certain countries to the narrow segment of the *steel industry* according to NACE 17.10, or to the more encompassing sub-sector of '*ferrous metals*', i.e. NACE 17.10, 17.20 and 17.30 for other countries (Beguin 2005).

9.1.3.1 Organisational domain concentration/fragmentation of the union system

The typology below (table 14) aims at classifying the trade union systems which are described in more detail in section 7.1.2. As laid out in section 5.1.1 the degree of domain fragmentation is measured by two indicators, i.e. the number of sector-related trade unions and the existence of a domain-overlap between two or more of the sectoral unions.

In the metal sector domain fragmentation is low compared to that in the other sectors under consideration. This is particularly true since only the member organisations of the European Metalworkers' Federation have been considered. This contrasts with the methodological approach for the analysis of the other sectors under consideration and for which all sector-related employee organisations entitled to participate in collective bargaining have been reported by respondents (e.g. IST 2000, IST 2004, Traxler 2007b, Glassner 2008a). In more than one third of the countries under consideration, i.e. Austria, Germany, Greece, Ireland and Denmark, the sectoral trade union system is highly centralised and can be conceived as 'quasi'-single union system. Inter-union competition and rivalry is assumed to be in-existent or marginal due to distinct organisational domains. In Austria and Denmark workers in the sector are organised along their employment status, i.e. blue- and white-collar workers, and along occupational/professional lines. In the case of Austria, no domain overlap occurs between the Austrian GPA (Union of the White-collar workers of the Private Sector) and GMTN (Metalworking, Textiles, Agriculture and Food-processing Union). Likewise, no domain overlaps occur in the Danish metal sector, where workers are organised by Danish Metal, a blue-collar union, and IDA (The Danish Society of Engineers). A fully-fledged single-union system exists in the German, Greek and Irish metal sector. The German IG Metall, the Greek POEM and the Irish SIPTU are the sole representative unions in the countries' metal industries which are affiliated to the EMF.

Tab. 14 – Typology trade union system in the metal sector

Index sum:	Type of trade union system	Countries (index sum)
0 – 1 points : low degree of fragmentation	Category 1: Single union system, 'Quasi'-Single union system	AT (0), DE (0), DK (0), GR (0), IR (0)
2 – 4 points: medium-level degree of fragmentation	Category 2: Functional diversity and moderate union competition	United Kingdom (3), ES (3), IT (3), PT (3), SW (3), FR (4), NL (4)
> 4 points: high degree of fragmentation	Category 3: Political/religious/territorial cleavages and high degree of union competition	FI (5), BE (6)

Source: see table 42, Annex 1

A certain degree of trade union fragmentation occurs in Sweden, where organisational domain overlaps between SIF (Swedish Union of Technical and Clerical Employees) and Sveriges Ingenjörer (Swedish Association of Graduate Engineers) are existing to a certain degree. However, no union-competition with regard to organisational issues between those two organisations has been reported by trade union respondents. In Italy, Spain and Portugal three trade union organisations, respectively, are co-existing in the metal sector whereby domain overlaps are relatively pronounced. A moderate degree of inter-union competition with regard to member recruitment is reported to occur between the Portuguese organisations SIMA, FEQUIMETAL and SINDEL, between the three Italian federations Fiom, Uilm and Fim as well as between the sector-related Spanish federations MCA-UGT and FM/CC.OO. In the United Kingdom the two of the most important sector-related unions responded to large domain overlaps by merging: The Transport and General Workers' Union – T&G and the inter-sectoral union Amicus merged in May 2007 to form Unite. Still, there exists some domain overlap with GMB, the other remaining general union which organises workers in the metal sector. In the Netherlands overlapping domains are reported to exist between the blue-collar worker unions FNV-Bondgenoten Metalindustrie, VHP Metalektro and CNV Bedrijvenbond, as well as for FTM-CGT, CFTC Métallurgie, FGMM-CFDT and FOM of France which organise both blue- and white-collar workers in the metal sector. Far-reaching domain overlaps are occurring in the multi-union systems of Belgium and Finland. Overlapping domains exist between the Finnish blue-collar unions Metalliliitto and Finnish Electrical Workers' Union, and, to a larger extent, between the white-collar-unions TU (Union of Salaried Employees), TEK (The Finnish Association of Graduate Engineers) and UIL (Union of Professional Engineers in Finland). In Belgium the organisational pattern is even more complex due to the differentiation along political/confessional as well as regional lines. Domain overlaps are existing between the white-collar worker organisations CNE-LBC, the Christian LBC-NVK which organises managerial staff, SETCa-BBTK organising employees, technicians and managerial personnel and ACLVB/CGSLB, the liberal union federation organising both blue- and white-collar workers. Likewise, with regard to industrial workers, organisational domains overlap between the socialist, Flemish ABVV Metaal, the socialist, regional (Brussels, Wallonia) MWB-FGTB and ACLVB/CGSLB.

Union fragmentation in the metal sector tends to be low compared to other industries, however in countries such as Belgium a considerable degree of fragmentation can be observed. Although it can be assumed that coordination of collective bargaining is less burdened with co-operation problems in centralised union system, this does not necessarily hold true for the case of Belgium, a country that is particularly active in initiatives for the transnational coordination of collective bargaining as laid out in more detail in sections 9.1.4 to 9.1.6.

9.1.3.2 Extension practice and collective bargaining coverage

In the following the sectoral collective bargaining systems in the countries under consideration are analysed on the basis of their inclusiveness/exclusiveness. In line with theoretical reasoning, inclusive systems are characterised by a collective bargaining coverage rate of more than 50 %, i.e. more than half of the employees pertaining to the metal sector are covered by collective agreements whereas in exclusive systems, typically those where single-employer bargaining is prevailing or growing, less the 50 % of the sector's employees are covered by collective agreements (cf. section 3.8). Thus, the efficiency and extensiveness of collective bargaining *outcomes* is the yardstick for assessment. The most important determinant of collective bargaining coverage is the existence of extension rules, and in particular, the practice to declare collective agreements generally binding for employers which are not affiliated to the respective employers' association which signed the collective agreement. In most of the countries under consideration labour law provides for such extensions (see table 43, Annex 1). However, in some of the countries, such as Austria and Italy, *functional equivalents* that guarantee an encompassing coverage of collective agreements are in existence (Traxler and Behrens 2002).

Since no data on the collective bargaining coverage of the entire metal sector as defined in section 9.1.2 are available, figures referring to the *steel industry* serve as an approximation (Beguin 2005). The metal sector stands out from other sectors with regard to the low applicability of extension rules. Only in two countries, i.e. Belgium, Finland and France, the practice of extending collective agreements is pervasive. The outstandingly high rates of collective bargaining coverage in the steel sector are opposed to general reasoning according to that collective bargaining coverage rates are high in countries where the extension of collective agreements is a widespread practice. Thus, it is supposed that another important determinant that directly affects collective bargaining, i.e. employer density, is to be high in the steel sector. Even in these countries where sectoral collective agreements are not declared generally binding for the entire sector, virtually all employers (with some few exceptions of multinational companies which do not adopt the sector agreement but rather negotiate their own company-agreements in countries such as Germany and the Netherlands) fall under the purview of the industry's agreement (Beguin 2005). Thus, it can be assumed that employer density is comparably high in the metal sector. However, no empirically founded conclusions can be drawn since data on employer densities in the metal sector are lacking. With regard to trade union density as a rather indirect factor for collective bargaining coverage, empirical evidence suggests that trade union density affects collective bargaining coverage when extension rules are lacking or not applied, or alternatively, when functional equivalents are not

existing (Traxler 1998a). In the metal sector, both union density (cf. section 9.1.3.4 below) and collective bargaining coverage generally are above inter-industry levels. In all countries under consideration for which data is available collective bargaining coverage rates exceed those in the manufacturing industries or those on the aggregate level (Beguin 2005, Traxler and Behrens 2002, EC 2004b). Collective bargaining rates in the steel industry exceed those on the aggregate level to a large extent in Germany, i.e. almost 100 % compared to around 67 % on the inter-industry level, in the United Kingdom (i.e. 66 % compared to 36 %), Italy (i.e. around 100 % compared to 70 %). In Denmark, the difference between coverage in the steel sector and manufacturing as such is approximately 25%-points (i.e. almost 100 % compared to around 75 %). In 9 countries out of 15, collective bargaining coverage in the steel industry is around 100 % (i.e. Austria, Denmark, Spain, Finland, France, Germany, Greece, Italy and the Netherlands), and in two further it is more than 90 % (i.e. Belgium and Sweden). Rates are lowest in the British and Irish steel sector, i.e. 66 % and 16.5 %, respectively. For one country, i.e. Portugal, no data is available. However, since the estimated collective bargaining coverage in the Portuguese manufacturing sector (Traxler and Behrens 2002) is up to 94 %, it can be assumed that collective bargaining coverage in the metal sector is equally high and thus follows the general pattern of outstandingly high coverage rates in the western European steel sector (Beguin 2005) despite a generally limited practice of extending collective agreements.

9.1.3.3 Characteristics of the sector-level collective bargaining system

The typology below aims at providing a classificatory scheme for the collective bargaining systems in the metal sectors of the countries under consideration. On the basis of the 'Collective Bargaining Coordination Index' (cf. section 5.1.2) which includes three indicators, i.e. the pre-dominant level of collective bargaining in the metal sector, the existence of a covert inter-sectoral coordination mechanism in the form of pattern bargaining and the existence of both a peace obligation for collective agreements in force and the legal enforceability of collective agreements. Since the latter two indicators, i.e. coordination via pattern bargaining and the legal pre-requisites for an effective vertical coordination of collective bargaining, are features of the national systems of industrial relations and therefore vary between countries, it is the coordination level that is regarded from a sector-related comparative view.

The metal sector exhibits a relatively low degree of centralisation compared to the other sectors under consideration. Three reasons account for the relatively de-centralised pattern of collective bargaining coordination in the metal sector. First, within a multi-level system of collective bargaining which prevails in the majority of western European countries, sectoral

collective bargaining is more important in the metal industry than collective bargaining on the central, inter-sectoral level. Organised labour and business are outstandingly strong in the metal sector compared to other manufacturing industries and services and are therefore able to negotiate sector-related agreements. Thus, central agreements which often function as 'supplementary' level of regulation with the aim of guaranteeing a basic level of wages and working conditions are of less relevance for industries in which sector-specific agreements are in force. Second, in the metal industry as a highly export-dependent sector productivity reaches high levels and exceeds that of the aggregate level (KLEMS 2008⁵⁰). Therefore, strong collective wage bargaining agents have an incentive to guarantee their members a participation in productivity growth to the largest possible extent. When formulating their demands, wage bargainers in the metal industry thus pursue rather individualistic strategies and orient their bargaining strategies towards economic indicators rather than on strategic or solidaristic considerations with bargaining units from other sectors. The strong focus on macroeconomic developments and indicators of sectoral performance of wage bargaining agents in the metal sector pre-destines them for a leading role in the inter-industry wage-setting process (cf. section 1.5.1.3). Third, in a number of countries the metal sector is characterised by the presence of large, multinational companies which negotiate their own agreements. Thus, the process of sectoral collective bargaining is accompanied and supplemented by de-centralised company-negotiations.

The sector-level is the single most important level of setting wages and working conditions in the metal industry in almost one third of the countries under consideration, i.e. in Austria, Finland, Germany, Greece and Sweden (see table 44, Annex 1). German collective agreements for the metal sector are differentiated by regions. In Belgium, Denmark, Italy, the Netherlands and Portugal sector agreements are complemented by company-agreements. In Spain, for instance, several collective agreements for the metal sector are concluded on the provincial level and are supplemented by a large number of company-agreements (EMF 2005). This contrasts to the situation in Ireland where collective bargaining takes place mainly at the company level. Since no data exists on the degree of centralisation of collective bargaining in the Irish metal industry, it is assumed that both the inter-sectoral level which is the pre-dominant one in the country (EC 2006), and the company-level are of more or less equal importance in the metal sector. In the United Kingdom, wages and working conditions are set exclusively on the company level. A differentiation has to be made between single-employer bargaining where the firm's management negotiates with a representative of a recognised trade union on the one hand, and between individual negotiations between the

⁵⁰ For a description of the data used in the KLEMS database project, see O'Mahony, M. (2008), EU KLEMS Linked Data, Sources and Methods, University of Birmingham, November 2008.

management and the individual employee on the other hand. In most of the larger companies (e.g. companies belonging to the Corus-group) wages and working conditions are determined by single-employer bargaining whereas in smaller companies in which union recognition is less widespread pay and conditions tend to be negotiated individually (Beguin 2005).

Tab. 15 – Typology collective bargaining system metal sector

Index sum:	Type of collective bargaining system	Countries (index sum)
0-1	Low responsive collective bargaining systems: lack of institutional prerequisites to ensure vertical co-ordination	United Kingdom(0), FR(0), BE(0,5), ES(0,5), IT(0,5), PT(0,5), DK(1), IR(1), NL(1)
2-3	High formal responsiveness of collective bargaining system: supportive legal prerequisites to ensure vertical co-ordination	FI(2), GR(2), SW(2)
<= 4	Highly responsive systems dominated by pattern bargaining	AT(4), DE(4)

Source: see table 44, Annex 1

Referring to the typology above (see table 15), it has to be noted that the categorisation of collective bargaining systems in the metal sector is different from classificatory schemes of national collective bargaining systems with regard to the structural responsiveness (cf. section 5.1.2.1). Finland, Sweden and the Netherlands are classified as countries with highly responsive systems due to the involvement of the state in the process of wage formation, either in the form of voluntary state-sponsored bargaining (i.e. in the Netherlands), or, as in the case of Finland and Sweden a generally high bargaining governability is ensured by state-licenced⁵¹ bargaining (Traxler 2002). However, since no positive effects are expected by state-sponsored mechanisms of collective bargaining coordination with regard to the cross-border

⁵¹ The degree of state involvement in wage bargaining in Finland occurs in the form of state imposed wage rates for certain industries and crafts whereby the state's decision is *non-binding* for lower-level bargaining units. Also, state arbitration is an institutional feature of the collective bargaining system in Finland and Sweden whereby state agencies authoritatively impose an agreement for important industries (i.e. in the case of Sweden) or for central-level agreements (i.e. in Finland) after collective bargaining became deadlocked (Traxler 2002, Traxler et al. 2001).

coordination of collective bargaining policies, it is the existence of pattern bargaining as the sole mechanism that is of relevance for the efficient coordination of wage bargaining on the transnational level. Since pattern-bargaining is not practiced in Finland, Sweden as well as in Greece, these countries are categorised as featuring systems with a high 'formal' responsiveness due to the existence of legal pre-requisites for the vertical co-ordination of collective bargaining. In the Netherlands wage-setting arrangements in the metal sector are categorised as exhibiting a comparably low degree of structural responsiveness due to the dominance of de-central bargaining in the sector. Thus, it can be assumed that when collective bargaining takes place to a large extent on the company-level, the cross-border coordination of wage bargaining is inhibited. As the decentral mode of wage-formation which is – besides in the United Kingdom and in France – also predominant in Belgium, Spain, Portugal as well as in Italy, and, to a lesser extent, in Denmark and Ireland, these countries' collective bargaining systems of the metal sector bear a low wage-political responsiveness on the transnational level.

9.1.3.4 Density of the sector-related trade unions

The collection of data on organisational densities of sector-related unions proved to be a difficult endeavour. Data provided by EMF member organisations have been very fragmented and largely incomplete. Thus, in order to estimate trade union density the level of the sector is preferred over the level of the organisation (cf. section 5.1.3). Since data for the metalworking sector as such⁵² is not available, sector-related union densities in the countries under consideration should be approximated by figures referring to the *steel* sector (Beguin 2005, see table 16). In general, the metal sector tends to be a stronghold of trade union organisation. Union densities exceed those in the other sectors under consideration. In the countries for which data is available union densities in the steel sector exceed those in total manufacturing to a large extent (EC 2006). Differences between steel sector density and union density in the manufacturing industries as such are considerably large in Spain (i.e. approximately 75 % compared to 14 %), in Italy (i.e. 90 % compared to 37 %), Belgium (i.e. 90-95 % compared to 55 %) and Germany (i.e. above 70 % compared to 29 %). In Finland the difference between steel industry density (i.e. above 90 %) and total manufacturing (i.e. 78 %) is less pronounced, and in Denmark as well as Sweden figures for both measures are more or

⁵² As laid down in section 7.1.3 the metal sector is defined as including NACE classes NACE 27 (production and processing of metal), NACE 28 (production of metal products), NACE 29 (machinery), NACE 30, 31, 32, 33 (production of business machines, IC technology machines, electro-techniques, fine mechanics and optics), as well as NACE 34 and 35 (motor vehicle production).

less equal (i.e. around 85 % and 90 %, respectively). In the case of the Netherlands, no data on union density in the steel sector is available. The estimate included in table 16 refers to the density in the country's largest steel-processing company, i.e. Corus. It is assumed that the general density in the steel industry is lower and thus reaches density levels of that in total manufacturing (i.e. 32 %).

Tab. 16 – Density of sector-related unions – steel sector

Density rates	(aggregate ^a) sector density
< 50	NL (40 % at Corus)
51-80	United Kingdom (60 %), DE ^b (> 70 %), ES (70-80 %), AT (75 %)
> 81	DK (85 %), IT (90 %), SW (90 %), FI (>90 %), BE (90-95 %)

^a sectoral definitions: 'steel sector' = NACE code 27.20 : Austria, Belgium, Germany, Ireland, Italy, the Netherlands and Spain; 'ferrous metal sector' = NACE 27.10, 27.20 and 27.30: Denmark, Finland, France, Greece, Hungary, Norway, Poland, Sweden and the United Kingdom.

^b In Germany the steel sector density for the western federal countries is estimated to rank between 70 and 80 %, for eastern Germany the union density in the steel industry is estimated to be around 60 % (Beguin 2005).

Source: Beguin (2005), Industrial relations in the Steel Industry.

9.1.4 Transnational inter-union networks in the metal sector

The metal sector has been at the forefront of the transnational coordination of collective bargaining (see sections 1.4.2 and 3.2.1). The European Metalworkers' Federation embarked on a coordinated and productivity-oriented collective bargaining policy in the early 1990ies with the formulation of the 'statement of principle on collective bargaining policy' adopted at the EMF Collective Bargaining Conference in 1993. Further, the first and decisive step for the institutionalisation of the EMF's collective bargaining policy has been set by the establishment of the 'Collective Bargaining Policy Conference' that takes place in three-year intervals starting from 1993 onwards. Later on, with the EMF Action Programme 1995-1999 adopted at the EMF general assembly in 1996, a comprehensive and elaborated framework for the cross-border coordination of collective bargaining was laid down (see section 3.2.1). The EMF and its member organisations agreed on a 'regular annual compensation for price increases in order to protect real wages', and 'workers haven a share in productivity gains' (EMF 1993). Only some years later, a next cornerstone in the realisation of bargaining goals was set by some of EMF's member organisations. In a so far unparalleled initiative, the IG Metall set up cross-border networks for the exchange of collective bargaining information and trade union

officials in 1997 (Schulten 1998, Gollbach and Schulten 2000). Although the IG Metall took a leading role in the network-based approach of collective bargaining coordination, the Dutch and Belgian trade unions played an active role in this initiative. Hence, the IG Metall district North Rhine-Westphalia and the Dutch trade union federations FNV Bondgenoten and CNV Bedrijven Bond as well as the Belgian federations CCMB and CMB were among the first members to exchange bargaining experts during negotiation rounds in the three countries. Within only two years, all IG Metall districts have linked up with their neighbouring sister organisations (see table 17).

Tab. 17 – Transnational Collective Bargaining Networks of IG-Metall districts:

IG Metall collective bargaining district	Partner trade unions
Berlin/Brandenburg-Saxony	NSZZ Solidarność (Poland) KOVO (Czech Republic)
Düsseldorf (North Rhine-Westphalia)	FNV Bondgenoten (Netherlands) CNV Bedrijven Bond (Netherlands) CCMB (Belgium) CMB (Belgium)
Hamburg (Coastal District)	CO-Industrie (Denmark) Svenska Metall (Sweden)
Munich (Bavaria)	GMTN (Austria) SKEI (Slovenia) KOVO (Slovakia) KOVO (Czech Republic) VASzASz (Hungary)
Stuttgart (Baden-Württemberg)	FIOM-CGIL (Italy) SMUV (Switzerland)
Frankfurt (Hesse, Rhineland-Palatinate, Saarland)	CFGT (France) CGT (France) FO (France)
Hannover (Lower Saxony, Saxony-Anhalt)	AEEU (United Kingdom)

Source: Gollbach/Schulten (2000)

Tab. 18 – The most active transnational collective bargaining networks in the European metal sector

Regions/Countries	Participating Partner trade unions
Scandinavia (Sweden, Norway, Finland, Denmark, Iceland)	IF Metal, Sveriges Ingenjörer, UNIONEN (Sweden); Fellesforbundet, TEKNA, NITO (Norway); Metalityöväen Liitto, TU ry, UIL ry, Sähköliitto, Sähköliitto (Finland); CO-industri, IDA (Denmark);
Sweden, Denmark and Coastal District (Hamburg) of IG Metall	IF Metal, Sveriges Ingenjörer, UNIONEN (Sweden); CO-industri, IDA (Denmark); IG Metal Coastal District;
Austria, IG Metall district of Bavaria, Czech Republic, Slovakia, Slovenia and Hungary	GMTN (Austria), Odborovy SVAZ KOVO (Czech Republic), OZ KOVO (Slovakia), SKEI (Slovenia), VASAV (Hungary); IG Metal district of Bavaria;
Belgium, Netherlands and IG Metall district of North-Rhine Westphalia	FNV Bondgenoten (Netherlands) CNV Bedrijven Bond (Netherlands) CCMB (Belgium) CMB (Belgium)

Source: Interview EMF 2007

Although the fast development of interregional bargaining networks prompted considerable enthusiasm among some trade union observers, it has to be stated that not all of the initially set up co-operations have functioned on a regular and continued basis. Some of the trans-regional partnerships slowly tapered off or have been continued on an informal and ad-hoc basis. Longstanding cross-border structures for the coordination of collective bargaining have been existing in other regions outside the sphere of the German IG Metall as well. The *Scandinavian* region (Norway, Sweden, Denmark, Finland and Iceland) has traditionally been a core arena of transnational collective bargaining coordination. A broader coordination approach with a more extensive ‘European’ dimension is therefore applied through the overlap and the linkage of interregional coordination initiatives such as those between *Sweden, Denmark and the IG Metall’s coastal district of Hamburg* and between *Scandinavian* trade unions of the metal sector on the other hand (see table 18).

According to expert interviews, the coordination partnership between *Austria, Bavaria, the Czech Republic, Slovakia, Slovenia and Hungary* can be regarded as another example for an active transnational network approach. Trade unions from these countries make up the so

called 'Vienna Memorandum Group' that agreed on a coordinated approach to collective bargaining in 1999 (see section 3.2.1). Within this framework special seminars and conferences are organised, and trade union officials and members from the collective bargaining working groups meet twice a year in order to discuss their bargaining policy in consideration of the EMF coordination rule for wage bargaining.

The Scandinavian network relies on highly advanced structures. With Nordic IN⁵³, a bargaining cartel of trade unions from Sweden, Denmark, Norway, Finland and Island, a transnational forum for the cross-border coordination has been established in the metal sector. Collective bargaining coordination in the Scandinavian metal sector dates back to 1970 when Nordiska Metall – Nordic Metall has been established as a forum for the exchange of information. With the accession of Sweden and Finland to the EU in the 1990ies, Nordiska Metall has become a regional body for the coordination of European policies within the EMF. By formulating an annual action programme for collective bargaining and establishing a select working party on collective bargaining issues which meets approximately four times a year, the Nordic cooperation exhibits a high degree of institutionalisation. Besides, representatives of Nordic metalworkers' unions meet frequently on a more informal basis (Andersen 2006). Ex ante information exchange and mutual participation in key meetings have begun to take place on a regular basis in the last years.

The Scandinavian network has to be considered as one of the most active ones. According to trade union officials, initiatives between the IG Metall Coastal district and the unions in Denmark even include the involvement of employers associations in cross-border projects aiming at strengthen employment in the region (Interview 1 EMCEF 2007). Moreover, the usually disputed topic of cross-border support in strike actions has been taken up by Danish and German trade unions. Recently, the ties with non-Scandinavian metalworkers' unions become stronger and more elaborated: '[O]ver the winter of 2003/04 there were more of less parallel sequences of bargaining in Denmark, Sweden Norway and Germany. This triggered a number of meetings' (Andersen 2006, 37). This finding is confirmed by trade union bargaining experts (Interview 1 EMCEF 2007).

Still, the bargaining cooperation within the *German-Belgian-Dutch* network is quite active and strongly institutionalised. Trade union representatives from the three countries meet two times per year in order to exchange data on collective bargaining. Additionally, they meet on an ad-hoc basis for annual theme-specific seminars on other important issues such as vocational

⁵³ Nordic IN results from a merger of Nordic Metal and NIF (The Nordic Industrial Workers' Federation which represents employees in the chemical, paper and textiles industries) in January 2006.

training. Occasionally, even the EMF as European Industry Federation takes part in collective bargaining negotiations in these three countries. On a wider scope, coordination across the different regional networks takes place through the EMF steering group two or three times a year to deal with more practical aspects of collective bargaining coordination such as the transnational mobility of workers and cross-border relocations. The so called 'big groups', i.e. collective bargaining workings groups which comprise around 50 to 60 people, usually come together once a year. Big groups deal with broader issues such as flexicurity. An important function of these meetings within the formal structures of big groups is to enhance the visibility of collective bargaining activities among the EMF member organisations.

With regard to the *topics* discussed in collective bargaining coordination initiatives, training is considered as being most important in all European regions. Agreements exist also on the importance of flexicurity issues though there is no common consensus on how to deal with it. According to expert interviews, in the Northern region the scope of topics goes beyond pure collective bargaining issues and comprises social and economic policy. With respect to the geographical scope, transnational cooperation activities of the Scandinavian countries extend to information exchange with representatives from the Baltic countries.

As *inter-union decision-making* is concerned, national interest constellations among members do not necessarily correspond to the regional structure of the EMF. In general, the member's interests depend on the economic situation in their country. Consequently, the better the economic development in the metal sector, the more solidaristic and cross-border oriented are the bargaining strategies of the member organisations. Hence, the identification and formulation of common interest is much easier. The member's interests differ also according to the levels of collective bargaining. In contrast to collective bargaining on the sector level, the agreement of interests is more difficult on company-level since top-down coordination and control mechanisms can be applied only to a very limited extent. Moreover, the question of securing jobs is of particular relevance on the company-level so that solidaristic bargaining goals tend to be abandoned for the sake of a compromise with the local management. The most virulent problem that hinders inter-union cooperation and decision-making is the growing importance of company-level negotiations that undermine a coordinated cross-border approach of collective bargaining. An example is the spreading of concession bargaining in Germany that reverberates back on the collective bargaining situation in Belgium where negotiators of the employers' side attempted to take advantage from this situation (Interview EMF 2007).

The growing competitive pressures arising from the internationalisation of markets in general and from the eastern enlargement of the EU in particular are reported not to be a particular problem for collective bargaining in the metal sector. The intensity of competition varies between sub-sectors and branches. In the automotive industry for instance competitive pressures are reported to be relatively limited since different models are produced in western and eastern European locations. The eastern-enlargement of the Community though was not without influence on the issue of relocations. However, the markets in the new member countries are growing and so are wage levels. Though, the lack of working time regulations and the weak labour legislation in the central and eastern European countries (CEECs) are considered as difficult issues with respect to the coordination of collective bargaining policies. Whereas the new member countries seem to be relatively well integrated into transnational bargaining coordination approaches in the metal sector, the real danger emanates from the lack of integration of countries outside the European Union – and outside of the organisational structure of the European Metalworkers' Federation – such as China, Russia and the Ukraine.

Institutional differences between national systems of industrial relations are a problem inherent to the transnational coordination of collective bargaining. Even within the more strongly established networks such as the bargaining partnership between Germany, Belgium and the Netherlands, structural differences limit the coordination efforts of trade union bargainers. Of particular relevance are differences in the dominant level of collective bargaining. In contrast to Germany where collective agreements are concluded on the regional sector level, in Belgium and the Netherlands multi-sectoral agreements set a framework for bargaining in the metal sector. Coordination is particularly inhibited in networks that include countries with predominant company and plant level bargaining such as it is the case in the vast majority of the new member countries. Moreover, different traditions and normative orientations, e.g. the inclination to go on strike, hinder joint cross-border actions and campaigns. Varying bargaining priorities among national trade unionists also limit the capacity for unifying the members' interests. However, it is not only the lacking knowledge about collective bargaining systems in foreign countries but rather the problem of language that is most virulent and protracted among trade union bargainers from different member states. The lack of foreign language skills remains a major problem despite attempts of the European Metalworkers Federation and some of its member organisations to increase language competencies of trade union representatives.

According to expert interviews, the coordination partnership between *Austria, Bavaria, the Czech Republic, Slovakia, Slovenia and Hungary* can be regarded as another example for an active transnational network approach. Trade unions from these countries make up the so

called 'Vienna Memorandum Group' that agreed on a coordinated approach to collective bargaining in 1999 (see section 3.2.1). Within this framework special seminars and conferences are organised, and trade union officials and members from the collective bargaining working groups meet twice a year in order to discuss their bargaining policy in consideration of the EMF coordination rule for wage bargaining.

The Scandinavian network relies on highly advanced structures. With Nordic IN⁵⁴, a bargaining cartel of trade unions from Sweden, Denmark, Norway, Finland and Island, a transnational forum for the cross-border coordination has been established in the metal sector. Collective bargaining coordination in the Scandinavian metal sector dates back to 1970 when Nordiska Metall – Nordic Metall has been established as a forum for the exchange of information. With the accession of Sweden and Finland to the EU in the 1990ies, Nordiska Metall has become a regional body for the coordination of European policies within the EMF. By formulating an annual action programme for collective bargaining and establishing a select working party on collective bargaining issues which meets approximately four times a year, the Nordic cooperation exhibits a high degree of institutionalisation. Besides, representatives of Nordic metalworkers' unions meet frequently on a more informal basis (Andersen 2006). Ex ante information exchange and mutual participation in key meetings have begun to take place on a regular basis in the last years.

The Scandinavian network has to be considered as one of the most active ones. According to trade union officials, initiatives between the IG Metall Coastal district and the unions in Denmark even include the involvement of employers associations in cross-border projects aiming at strengthen employment in the region (Interview 1 EMCEF 2007). Moreover, the usually disputed topic of cross-border support in strike actions has been taken up by Danish and German trade unions. Recently, the ties with non-Scandinavian metalworkers' unions become stronger and more elaborated: '[O]ver the winter of 2003/04 there were more of less parallel sequences of bargaining in Denmark, Sweden Norway and Germany. This triggered a number of meetings' (Andersen 2006, 37). This finding is confirmed by trade union bargaining experts (Interview 1 EMCEF 2007).

Still, the bargaining cooperation within the *German-Belgian-Dutch* network is quite active and strongly institutionalised. Trade union representatives from the three countries meet two times per year in order to exchange data on collective bargaining. Additionally, they meet on an ad-hoc basis for annual theme-specific seminars on other important issues such as vocational

⁵⁴ Nordic IN results from a merger of Nordic Metal and NIF (The Nordic Industrial Workers' Federation which represents employees in the chemical, paper and textiles industries) in January 2006.

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9.1.5 Wage bargaining coordination in the metal sector: The European Coordination Rule

The coordination of wage bargaining has been a long-standing goal within the collective bargaining policy of the European Metalworkers' Federation (see section 3.2.1). As a response to the completion of the Single Market and the forthcoming European Monetary Union the EMF officially declared to pursue a common and transnationally coordinated approach to collective bargaining. The promotion of a productivity-orientated wage policy was at the centre of the EMF's 'statement of principle on collective bargaining policy' (1993). In order to combat national competition over wages resulting from moderate wage strategies of national wage bargainers, the EMF aimed at the return to a 'productivity-orientated' wage policy (Schulten 1998). The following targets for wage and income distribution policy have been laid down in the EMF's statement of principle: Firstly, 'regular annual compensation for price increases in order to protect real wages', secondly, guaranteeing workers a 'share in productivity gains to ensure the balanced developments of incomes' and, thirdly, 'the redistribution of unjustifiably high income from capital investment to the workers' (EMF 1993). The EMF and other observers warned of the danger of a deflationary spiral triggered off by a cross-country policy of strict wage restraint in the background of the European Economic and Monetary Union with its primacy on stability (Schulten 1998, Traxler 2000, Traxler 2003).

A Europe-wide coordination approach that accommodates the heterogeneity of national industrial relationship systems and guarantees the implementation of common wage norms according to the specific conditions in the sector or industry has to focus strongly on sectoral collective bargaining arrangements (Marginson and Traxler 2005). The EMF clearly underlines the importance of a coordinated multi-level bargaining approach with a focus on the sector level: 'Bargaining policy must be constituted at the grass roots level and must be properly organised at company, regional and national levels, as well as being co-ordinated in a politically effective manner across the whole of Europe. Branches and sectors shall retain their sovereignty with regard to collective bargaining' (EMF 1993). With its 'guidelines and basic issues of the collective bargaining policy' (1996), the EMF set a further step in substantiating its bargaining principles. An even more pronounced focus of the coordination of wage bargaining marked the adoption of a resolution entitled 'Collective Bargaining with the Euro' (EMF 1998b) that included clear-cut criteria for wage bargaining. A basic principle is that the 'key point of reference and criterion for trade union wage policy in all countries must be to offset the rate of inflation and to ensure that workers' incomes retain a balanced participation in productivity gains. The commitment to safeguard purchasing power and to reach a balanced participation in productivity gains is the new European coordination rule for coordinated

collective bargaining in the metal sector all over Europe' (EMF 1998b).

The 'new European Coordination Rule' evidently left the wage autonomy to national social partners. The margin for a 'balanced participation' in productivity gains has to be negotiated by national bargaining agents. This distributional space has however been utilised by national trade union bargainers to a varying extent. In a first assessment of the Coordination Rule – three years after its adoption – the EMF (EMF 2001a) systematically compared wage agreements in the member countries (see table 11). The result of the national wage negotiations is defined as 'value of the whole agreement' (VowA)⁵⁵. The assessment is based on a twofold quantitative goal; The minimum target, i.e. the compensation of the inflation rate, has been reached in all countries – with the exception of Italy – for the entire period under consideration (1999-2001). However, the results with regard to the combined wage goal of setting off inflation plus a 'balanced participation' in the productivity increase show a less clear picture. Whereas in 1999 in more than half of the considered countries agreements with a value *as equal to or higher* than the sum of the rates of inflation *and* productivity have been negotiated, the situation changed in the following year. In 2000 collective wage agreements in the vast majority of countries – with the exception of Belgium and France – did not guarantee a *full* compensation of both inflation and productivity. However, the term of the 'balanced participation' is debatable since it involves a wide interpretational scope with regard to the bargaining results. In the case of Ireland (1999) for instance, the VowA lies only slightly below the sum of inflation and productivity whereas in other countries the results show a much smaller extent of 'participation' in productivity gains (see table 19).

⁵⁵ The concept of the 'value of the whole agreement' aims at giving a quantitative measure for the negotiated result by quantifying qualitative, i.e. non-wage, aspects of the collective agreement (i.e. pension entitlements, training), according to a standardized procedure.

Tab. 19 – Assessment of the EMF Coordination Rule 1999 – 2001

Country	Organisation (Data reported by industry federations, if not stated other source)	Year	Value of the whole agreement^d	Inflation^d	Labour productivity^d	productivity (p) Inflation (i)^d +
AT	GMT	99	2,4	0,8	1,4	2,2
		00	3,4	2,2	1,8	4,0
		01	3,0	1,5	1,6	3,1
BE ^a	CMB/CCMB (€tat)	99	2,5	1,1	1,4	2,5
		00	5,3	2,7	2,6	5,3
		01	3,6	2,0	1,9	3,9
DK	CO-industri	99	3,7	2,5	2,9	5,4
		00	4,1	2,8	2,1	4,9
		01		2,5	2,1	4,6
GR	POEM	99	3,2	3,2	4,1	7,3
		00	5,0	2,7	2,9	5,6
		01	5,0	2,3	2,9	5,2
FI	FIN/METALL/TL/STLIL /TEK	99	3,1	1,2	1,8	3,0
		00	3,8	3,3	3,5	6,8
		01	3,4	2,5	3,5	6,0
FR ^b	CFDT/FO/CFTC/CGT	99		0,6	1,1	1,7
		00	3,6	1,8	1,3	3,1
		01		1,6	1,5	3,1
DE	IG Metall	99	3,5	1,5	2,5	4,0
		00	3,3	2,0 ^c	1,7 ^c	3,7 ^c
		01	2,8	1,8 ^c	1,7 ^c	3,5 ^c
NL ^b	CNV/FNV/deUnie	99	3,0	2,0	1,0	3,0
		00	3,1	2,3	1,6	3,9
		01	3,7	3,9	1,4	5,3
IR ^b	ICTU	99	5,5	2,5	3,2	5,7
		00	5,5	5,2	5,2	10,4
		01	4,0	3,7	4,7	8,4
IT ^b	CGIL/CISL/UIL	99	1,5	1,7	0,2	1,9
		00	1,5	2,6	1,5	4,1
		01		2,2	1,6	3,8

Country	Organisation (Data reported by industry federations, if not stated other source)	Year	Value of the whole agreement^d	Inflation^d	Labour productivity^d	productivity (p) + Inflation (i)^d
PO ^b	SIMA/Fequimetal/SIMA	99	3,5	2,2	1,2	3,4
		00	3,0	2,7	1,5	4,2
		01		2,9	1,8	4,7
ES ^a	k.A.	99	2,35	2,2	0,5	2,7
		00		3,4	1,0	4,4
		01		2,9	1,1	4,0
United Kingdom	AEEU/TGWU/GMB /MSF/	99	2,9	1,6	1,0	2,6
		00	2,8	3,0	2,1	5,1
		01		2,8		
S ^b	Metall und SIF	99	2,8 (Metall)	0,6	1,4	2,0
		00	2,8(Metall)/	1,3	2,0	3,3
		00	3,5 (SIF)			
		01	2,9 (Metall)/	1,5	2,3	3,8
		01	3,0 (SIF)			

^a BE, ES: all data from Eurostat

^b NL, IR, IT, PO, FR und SE: Inflation and productivity Eurostat-data

^c DE: Inflation and productivity 2000 and 2001 Eurostat-data

^d annual growth rates in %

Source: EMF Collective Bargaining Conference, Report on the European Coordination Rule, June 2001.

Regarding the years 2004 and 2005, wage agreements seem to guarantee a full compensation of inflation and productivity growth to a lesser extent (see table 20). However, the comparability of the two tables is limited by the fact that trade unions adapted their own figures to the statistical criteria used for Eurostat data. Consequently, the difference between the data sources (union figures and Eurostat-data) diminished in the second period of observation (EMF 2005). Hence, there is a more rigorous measure underlying the assessment of the Coordination Rule in 2004 and 2005. Moreover, the number of countries that is not reporting to the EMF at all increased in the second period 2004-05 (see table 14).

Tab. 20 – Assessment of the EMF Coordination Rule 2004 – 2005

<u>Country</u>	<u>Year</u>	<u>Value of the whole agreement (VOWA)</u>	<u>Inflation^a</u>	<u>Inflation-Offset</u>	<u>Labour productivity^a</u>	<u>Productivity (p) + Inflation (i)</u>	<u>Balanced participation in productivity growth</u>
AT	04	2,5	2,1	+ 0,4	1,2	3,3	-0,8
	05	k.A.	2,5	k.A.	0,9	3,4	k.A.
BE	04	3,92 – 4,12	1,55	Min.+ 2,37 Max.+2,57	3,6	5,15	Min.-1,23 Max.-1,03
	05	2,46	1,7	+0,76	1,4	3,1	-0,64
DK	04	3,75	1,6	+2,15	2,3	3,9	-0,15
	05	0,95+x	1,7	-0,75+x	1,8	2,5	-2,25+x
GR	04	k.A.	k.A.	k.A.	k.A.	k.A.	k.A.
	05	k.A.	k.A.	k.A.	k.A.	k.A.	k.A.
FI	04	2,2	1,0	Min. +1,2 Max.+1,7	3,0	4,0	Min.-2,3 Max.-1,8
	05	2,5	0,75	+1,75	3,0	3,75	-1,25
FR ^c	04	k.A.	k.A.	k.A.	k.A.	k.A.	k.A.
	05	k.A.	k.A.	k.A.	k.A.	k.A.	k.A.
DE	04	3,2	1,7	+1,5	0,8	2,5	+0,7
	05	2,6	1,6	+1,0	0,8	2,4	+0,2
NL	04	3,55	-0,1	+3,65	3,7	3,6	-0,05
	05	1,75	-0,5	+2,25	1,75	1,25	-0,5
IR ^c	04	k.A.	k.A.	k.A.	k.A.	k.A.	k.A.
	05	k.A.	k.A.	k.A.	k.A.	k.A.	k.A.
IT	04	k.A.	2,2	k.A.	0,7 ^b	k.A.	k.A.
	05	k.A.	1,6	k.A.	0,8 ^b	k.A.	k.A.
PO ^c	04	k.A.	k.A.	k.A.	k.A.	k.A.	k.A.
	05	k.A.	k.A.	k.A.	k.A.	k.A.	k.A.
ES	04	k.A.	3,2	k.A.	0,6	3,8	k.A.
	05	3,1	3,1	+/-0,0	1,0	4,1	-1,0

Country	Year	Value of the whole agreement (VOWA)	Inflation ^a	Inflation-Offset	Labour productivity ^a	Productivity (p) + Inflation (i)	Balanced participation in productivity growth
United Kingdom ^c	04	k.A.	k.A.	k.A.	k.A.	k.A.	k.A.
	05	k.A.	k.A.	k.A.	k.A.	k.A.	k.A.
SE	04	2,2	0,2	+2,0	2,7	2,9	-0,7
	05	2,3	0,7	+1,6	3,0	3,7	-1,4

^a Union figures

^b IT: Eurostat-data for productivity

^c FR, IR, United Kingdom, PO, GR: reported no data reported

Source: EMF 2005

The previous bargaining results suggest that the goal of a productivity and inflation-based coordination approach has been widely and successfully adopted in the European metalworking industry. In the second period of observation (2004-2005) the minimum target of off-setting the inflation rate has been achieved in all countries except Denmark where the framework collective agreement of 2005 is below the inflation target. In the case of Denmark this result does however not suggest a general trend to wage dumping as wages are set in a two-tier system whereby final wages are set on the company-level.

From a mid-term perspective, i.e. from 2000 to 2005, the bargaining results exceed the rate of inflation over the entire period (EMF 2005). Surprisingly, in Germany the goal of a 'balanced participation' in the productivity growth has been regularly achieved during the entire period between 2000 and 2005 (see table 22). In all years of observation the value of the agreement in the metal sector was higher than the sum of inflation and productivity rate. Nevertheless, Austrian bargainers report a growing pressure on wages resulting from the wide use of opening clauses and contractual agreements that allow the undercutting of wage rates stipulated in collective agreements (Traxler et al. 2007). The discrepancy between reported wage agreements on the sector level and the effective implementation of wage policy on the regional or company level has also been reported by EMF officials. It is though not only the situation in Germany where collective bargaining arrangements are endangered to be eroded by opening and 'hardship' clauses (Bispinck and Schulten 1999, Dribbusch 2004a) but also the increasing relevance of company-level bargaining in some member countries (e.g. France, the CEECs).

Tab. 21 – Comparison of the wage bargaining results by countries, 1999 and 2000

Year	Minimum target not reached: Value of the whole agreement (VowA) < (i)	Off-set of inflation + participation in productivity growth: VowA < (p) + (i)	Off-set of inflation + <i>full</i> participation in productivity growth: VowA > or = (p) + (i)
Coordination Rule 1999 ^{a)}	Italy	Denmark, (Greece) ^{c)} , Germany, Ireland, United Kingdom	Austria, Belgium, Finland, Netherlands, Portugal, Spain, Sweden
Coordination Rule 2000 ^{b)}	Italy	Austria, Denmark, Greece, Finland, Germany, Netherlands, Ireland, Portugal, United Kingdom, Sweden	Belgium, France

^{a)} Missing: France

^{b)} Missing: Spain

^{c)} country in parenthesis: VowA = (i)

Source: see table above

Tab. 22 – Comparison of the wage bargaining results by countries, 2004 and 2005

Year	Minimum target not reached: Value of the whole agreement (VowA) < (i)	Off-set of inflation + participation in productivity growth: VowA < (p) + (i)	Off-set of inflation + <i>full</i> participation in productivity growth: VowA > or = (p) + (i)
Coordination Rule 2004 ^{a)}		Austria, Belgium, Denmark, Finland, Netherlands, Sweden	Germany
Coordination Rule 2005 ^{b)}	Denmark	Belgium, Finland, (Spain) ^{c)} , Sweden	Germany, Netherlands

^{a)} Missing: Greece, France, Ireland, Italy, Portugal, Spain, United Kingdom

^{b)} Missing: Austria, Greece, France, Ireland, Italy, Portugal, United Kingdom

^{c)} country in parenthesis: VowA = (i)

Source: see table above

Another study of the collective bargaining results of 2001 and 2001 (Dufresne and Mermet 2002) indicates that different data sets used for the evaluation yield contradictory results for several countries. However, a global assessment of the implementation of the Coordination Rule justifies the conclusion that the principles of wage coordination are widely accepted and adopted by EMF's member organisations. At the first evaluation of the coordination rule at the Collective Bargaining Conference in 2001, the EMF pointed to manifold problems with associated with the European-wide implementation of the Coordination Rule (EMF 2001b). For instance, the quantification of non-wage elements, such as improved guaranteed employee rights, has been criticised particularly by Scandinavian trade unionist. Differences in the scope of bargaining competencies of union bargainers⁵⁶ and the varying extent of wage drift in different member countries inhibit the comparability of collective agreements. Given the manifold problems in connection with the implementation of the Coordination Rule, the EMF interprets it as a 'political' concept rather than a 'mathematical' one (EMF 2001b). Consequently, from a political perspective the coordinated approach to collective bargaining is regarded as political success, since it has established 'a moral claim, that no negotiation is a national issue alone' (EMF 2002). The importance of the Coordination Rule's function in giving a political signal for both the member organisations and the employers' side is confirmed in expert interviews.

With regard of the scope of implementation of the coordination rule, union experts underline the cross-country application of the bargaining principles. Even in some of the new member states that sometimes give the impression of not reaching the bargaining targets (EMF 2006), the overall assessment of EMF officials is positive (Interview 1 EMF 2007). The moderate wage agreements in Slovakia for instance have to be regarded in the light of the relatively weak economic position the country held within the Visegrad group. Hence, the country's moderate wage strategy can be considered as a means to catch up with other CEEC and was therefore not surprising. However, the relatively low wage level in Slovakia is less a factor for attracting investments than the low corporate taxes. Moreover, the high productivity increases in the new member countries are generally reflected by correspondingly high wage increases. Thus, there is no difference with regard to the implementation of the Coordination Rule between 'old' and 'new' member states since both groups of countries are facing the same difficulties and challenges.

⁵⁶ In countries such as Italy, Denmark and Great Britain company-specific negotiation elements are not subject to negotiations with trade unionists (EMF 2001b).

9.1.6 Information and collective bargaining coordination in the metal sector – the Eucob@n Information and Reporting System of the European Metalworkers' Federation

As early as 1993 the EMF's select working party of the Collective Bargaining (collective bargaining) Committee initiated an attempt to collect collective bargaining information of the member organisations in a centralised approach. However, initial problems with coordinating the information exchange across Europe prompted the decision that a systematic reporting system was needed. The German, Belgian and Dutch member organisations actively supported the establishment of the information exchange system. With the technological progress and the spreading use of information and communication technology, the information exchange became more formally institutionalised. In 1997/8 the European Collective Bargaining Information and Reporting System, succinctly entitled Eucob@ had developed into a well functioning and recognised forum. The first Eucob@ Report has been compiled in 1998. From then onwards, the idea of a centralised approach to information exchange was put into practice. In this respect, the central function of the Eucob@ System is to monitor the implementation of the wage bargaining criteria laid down in the European Coordination Rule (see point 7.1.5). Thus, the implementation of the Coordination Rule by the means of the Eucob@-System was carried out from 1999 onwards.

The Eucob@ monitoring and reporting system is characterised by a high degree of institutionalisation. The basis of the Eucob@ information system is the „network of correspondents' organised within the EMF secretariat of the federation's collective bargaining policy department. The correspondents come from 26 European countries (EMF 2005). The functions of the Eucob@-system go beyond the pure exchange of information and the documentation of collective bargaining data. Rather the system developed into a platform for the support of transnational trade union action and solidarity. In order to increase the countries' participation, the Eucob@ questionnaires are adopted according to the conditions in countries with de-central collective bargaining structures, such as the United Kingdom and France (EMF 2005).

However, the purely voluntary reporting system is burdened with the problem of slack reporting efforts of some member organisations. Despite the fact that the peer-review element inherent to the Eucob@ system exerts some control on members to deliver information, the 'failure rate' of countries that have to be completely left out in the report due to not delivering any data at all is quite high (see 9.1.5). Although the majority of member organisations reports to the EMF on a regular basis, countries such as Ireland, Portugal, France and the United Kingdom often fail to deliver collective bargaining data. The EU eastern enlargement

increased the number of actors participating in the Eucob@ system. However, Bulgaria, Romania, Turkey and south-eastern European countries such as Yugoslavia have not yet been included within the scope of the EMF's reporting system (EMF 2005). Although EMF officials do not state particular difficulties with regard to the reporting situation in the new member states, Poland is considered as a 'problematic case' (Interview EMF 2007) since in this country the process of decentralisation has been exceptionally fast and sustained. Collective bargaining actors at the sector level are particularly weak since negotiations take place almost exclusively on the company level.

With regard to the main function of the Eucob@ Information and Reporting System, that is, the monitoring of the implementation of the coordination rule, considerable differences are remaining with regard to scope, quality, regularity and completeness of the reported data. However, union officials do not state a pronounced gap between eastern and western or northern and southern countries (Interview EMF 2007, Interview GMTN 2007). According to the expert interviews, the reports delivered by trade unions of the Scandinavian and Germanic countries as well of Slovenia, Slovakia and the Czech Republic are of good quality whereas those of trade unions in Italy and Hungary are of more fluctuant quality, and some countries such as Greece, Romania and Bulgaria are not considered at all or only to a very limited degree (Interview GMTN 2007). A certain 'turning point' can be observed with regard to the participation of the British member organisations. After years of absence, the industry federation Amicus⁵⁷, which has grown into the largest organisation of its kind in the United Kingdom, has delivered data for the first time in 2006.

The advantages of the Eucob@ network such as the comprehensive set of data, the actuality of data and the high acceptance among member organisations stand in contrast to several problems resulting from the heterogeneity of national collective bargaining systems. Thus, the system's adoption to the conditions in countries with decentral systems of collective bargaining is severely limited. This is the case for the United Kingdom where collective bargaining is *exclusively* carried out on the company-level, as well as for countries in which collective bargaining *predominantly* taking place on the company level, e.g. Czech Republic, the Baltic countries, Poland and France (Carley 2002). The same holds true for the temporal validity of collective agreements. In a number of countries collective agreements are valid for two years

⁵⁷ Amicus – resulting from a merger of AEEU (electricians, electro-technology and construction engineers) and MSF (draughtsmen and engineers as well as technical, administrative and managerial staff) in 2002 – became the largest trade union of the United Kingdom after the merger with the banking trade union UNIFI and GPMU (printing and paper industry, journalism and media) in 2004. In May 2007, Amicus and TGWU formed Unite, an inter-union cooperation that consolidates the organisation structures of both trade unions.

or longer (Belgium, Denmark, Germany, Greece, Netherlands, Norway, Poland, Slovakia, Slovenia, Sweden and Switzerland) (EMF 2005). The comparability of the results of collective agreements is therefore limited.

The reported success of the Eucob@ system is underlined by the extension of its scope. Yet very soon after its establishment in the metal sector, the system was applied in the textile sector. In the light of the planned integration of the reporting system of the chemical sector, the system was renamed into 'Eucob@n', that is, 'European Collective Bargaining Network'⁵⁸. However, EMF members already now have complete access to the three respective reports pertaining to the textile and the chemical industry. The deepening of the inter-sectoral cooperation that dates back to December 2006 is yet on the way and will be intensified in the near future.

9.1.7 European Social Dialogue in the metal sector

According to the criteria of representativeness for European social partner organisations defined by the Commission⁵⁹, they have to be a) cross-industry, or relate to specific sectors or categories and be organised at European level; (b) consist of organisations which are themselves an integral and recognised part of member states' social partner structures and with capacity to negotiate agreements, and which are representative of all member states, as far as possible; and (c) have adequate structures to ensure the effective participation in the consultation process. In its approach to promote social dialogue at the Community level⁶⁰ the Commission approved a number of newly applying social partner organisations with cross-country membership domains in the first years after the legal framework of the new institutional setting for social dialogues on the sectoral level had been adopted in 1998 (see table 1). However, the metal sector has been represented only by the shipbuilding industry, since the main European-level employers' organisation WEM (Western European Metal Trades Employers' Organisation) – that was renamed into CEEMET (Council of European Employers of the Metal, Engineering and Technology-based Industries) after the eastern enlargement of the Community – openly refused to participate in European Social Dialogues. According to the expert interview with a representative of the European Metalworkers' Federation, WEM (and later CEEMET) favour informal talks with the employees' side over

⁵⁸ The name „Eucoban’ combines the metal sector’s „Eucoba’ and the chemical industry’s „Coban’ Systems.

⁵⁹ EC (1993), COM (93) 600 final.

⁶⁰ EC (1998), COM(98) 322 final.

formal dialogue structures. CEEMET continuously insisted on refusing the establishment of an 'official' sector dialogue committee (Interview EMF, 2007).

The exceptional case of shipbuilding is attributed to the outstandingly high degree of internationalisation in this sub-sector. Not only the construction of ships but also their maintenance and repair services have been outsourced or relocated to far-eastern countries, in particular to South Korea since the early 1990ies. The intense international competition prompted the European-level employers' association of the shipbuilding sector CESA (Community of European Shipyards Associations) to enter into negotiations with the EMF. CESA's main interest was to strengthen its position on the European-level to counter extra-EU competitors through a common approach aiming at enhancing their competitiveness. CESA, which is a mixed organisation concerned with social and labour market issues as well as with industrial lobbying, pinned its hopes on the political support of the European Commission. The interest of the shipbuilding employers in establishing social dialogue structures resulted in the departure from their peak-organisation's position. CESA entered into European social dialogue with EMF on its own initiative.

The heterogeneity of interest within the metal sector is reflected by the subsequent process of building-up dialogue structures. One of Europe's most export-orientated industries, the *automotive sector*, was admitted to sector dialogues only in 2006, also represented by a sub-sectoral employers' association (i.e. CLEPA – European Association of Automotive Suppliers). A similar path was followed by the *non-ferrous metal* sector and the *steel industry*. The former established a sectoral dialogue committee in 2007. For the latter, the application procedure has been still ongoing in 2007. CLEPA and EUROMETAUX (European Association of Metals) have their roots in the European Coal and Steel Community, when they were founded as 'liaison committees' to channel industry interests to the European authorities and international or intergovernmental bodies. In the 1980ies and 1990ies, when the European social dialogue gained in importance on the Community-level by the Commission led by Jacques Delors, these associations acquired new competencies with regard to social issues and enlarged their memberships. The *steel* sector organisation EUROFER (European Confederation of Iron and Steel Industries) was founded in 1976, aiming also at the representation of industry interests vis-à-vis European institutions and international organisations.

In the *machinery sector* – the largest industrial branch represented by CEEMET – social dialogue structures are still lacking, mostly due to the dominance of small and medium companies in this sector, in particular in Germany. The second largest organisational constituency in CEEMET is the *electronics and electro-technical industry*, which is

characterised by the co-existence of large multinational companies and a huge number of SME whereby the latter ones are not interested in a close cooperation on the European level. The third largest sub-sector in CEEMET's organisational domain is *car manufacturing*. This sector is divided into car manufacturers on the one hand, and sub-contractors and suppliers on the other hand, whereby only for the latter sub-sector the committee for the *automotive supply industry* has been established. The cooperation with the *foundry industry* associations has been traditionally good. The European Foundry Association CAEF (Comité des associations européennes de la fonderie) – established in 1953 – was a signatory party to the social dialogue Agreement on Respirable Crystalline Silica (RCS) in 2006.

The final acceptance of the European social partner Agreement on Respirable Crystalline Silica (RCS) by the European employers' association CEEMET can be perceived as a change towards a more supportive attitude on European social dialogues. Currently, an informal committee with the participation of CEEMET representatives exists on European level in the form of a 'high level group' presided by the IG Metall president. According to the assessment of leading trade union representatives, this high level group – consisting of two continuous working groups on training and lifelong learning and on competition and employment respectively – will be transformed into an official sector committee in the near future.

9.1.8 – Trade Union Actors' perceptions in the metal sector

The most salient perceptions of trade unionists from both the national and the European level are summarised according to two broad thematic aspects:

- 3) Inter-union cross-border coordination initiatives (see section 9.1.4)
- 4) European social dialogue on the sector level (see section 9.1.7);

9.1.8.1 Trade union actors' perceptions with regard to union-led cross-border coordination initiatives

As cross-border initiatives for the coordination of collective bargaining are concerned, the German, Belgian and Dutch trade unions of the metalworking sector have been exceptionally active. The establishment of inter-regional bargaining networks results mainly from the

initiatives of the member organisations in these three countries (cf. section 9.1.4). However, according to an EMF official the German-Belgian-Dutch bargaining network has lost some of its initial dynamic in the last years and needs therefore some new impetus – either in a top-down process from the level of the European Industry Federation EMF or from the members themselves. An at least equally active role is ascribed to the Austrian, Slovenian, Slovakian, Czech and Hungarian EMF affiliates that deepened their bargaining cooperation. In particular, the Czech confederation OS KOVO is strongly committed to the European coordination of collective bargaining and has carried out an active role in promoting this topic among other trade unions in the CEEC (Interview 1 EMCEF 2007).

The most virulent lines of conflict are rooted not so much in structural differences of the industrial relationship systems across member states but rather from varying normative notions and practices. ‘Warning strikes’ for instance are conceived as a legitimate means by German union bargainers but are strongly opposed by Belgian unionists (Interview EMF 2007). With respect to the problem of wage competition, the new member states are well integrated in the EMF’s collective bargaining coordination approach. Competitive pressures are not considered as very strong in key sectors of the metalworking industry. In car manufacturing for example the vast majority of investments are long-term and market-seeking. In general, investments in this sector do not predominantly aim at cost reductions. Markets and therefore wage levels are growing in most of the new member countries. In other industries such as the lift production and shipbuilding, relocations due to cost considerations have been carried out on a large scale. Whereas the production of elevators has been transferred to China and other far-eastern Asian countries, in shipbuilding it is also maintenance and repair services that have been outsourced into Asian countries such as South-Korea.

As the coordination of wage bargaining is concerned, the developments of collective bargaining in Germany are considered as problematic by both national and European union representatives (Interview EMF 2007, Interview GTMN 2007). The spreading practice of concession bargaining not only in the eastern but also in western regions that formerly constituted strongholds of trade union organisation is regarded as a danger for multi-employer bargaining in Germany. Trade unionists fear that opening and ‘hardship’ clauses that allow for deviations from collective wage norms could undermine established sector-level bargaining structures and unleash an inexorable de-centralisation process. The discrepancy between ‘officially’ negotiated wage rates reported to the EMF Eucob@n system and the ‘real’ wage development on the company level constitutes a major obstacle to the cross-country implementation of the European coordination rule (see section 9.1.5).

The EMF member organisations exert a high degree of autonomy when it comes to defining their bargaining agenda. The issue of training is considered as one of the most important topics by all member organisations. Best practice and cross-country comparison of training and apprentice systems are considered to be a common practice, in particular among trade unions in Germany, Belgium and the Netherlands. An almost equally important topic is flexicurity although there is no agreement on the measures to deal with it. The Northern members tend to address broader issues such as social and economic policy that go beyond 'classical' collective bargaining topics. Besides, the cooperation among Scandinavian and Baltic member organisations is well developed. Due to the advanced economic integration of Scandinavia and Northern German regions, the interregional networks between these two areas are overlapping. Co-operational relationships between trade unions from these countries are traditionally well established. Structures for the cross-border coordination of collective bargaining are developed to a more limited extent in the south-western European region of France, Spain and Portugal. These countries do not dispose of an official forum for collective bargaining policy on their own although they are meeting several times per year in more general organisational bodies of the EMF.

When it comes to define a common model for a 'European' system of industrial relations, trade unionists in unison state that it has to integrate elements of different systems, such as the Scandinavian, the German and the Franco-Belgian model. A European system of collective bargaining that constitutes a framework for the negotiation of 'European' collective agreements is not regarded as a realistic option for the near future for several reasons. The fierce opposition of employers' associations is considered as one of the most important obstacles. Another major problem is the legal reinforcement of the implementation of such agreements. A cross-country implementation of common agreements would presuppose a fully-fledged European labour court. However, the contours of such an arrangement are discussed controversially among European trade unionists.

9.1.8.2 Trade union actors' perceptions with regard to central and de-central coordination approaches

Both instruments of Europeanisation, that is, European sector dialogues and transnational inter-union initiatives for the coordination of collective bargaining, are considered as complementing each other (Interview EMF 2007). However, the two mechanisms constitute instruments of their own and are included both in strategic considerations of European trade union actors. Consequently, both central and de-central mechanisms are not influencing each other directly. A rather indirect influence can be observed insofar, as the European employers'

organisation CEEMET changed its position with regard to the participation in European social dialogues due to the intensified cross-border coordination activities among trade unions. A decisive factor is the 'visibility' of coordination practices, for instance when trade union bargainers from sister unions are invited to participate in national negotiations with employers and present economic or wage data of their countries as it happened in the German-Belgian-Dutch network (Interview EMF 2007).

Although the inclination of employers' organisations to enter into dialogues on the European level cannot be causally linked to cross-border inter-union activities aiming at the coordination of collective bargaining, the changing attitude of CEEMET coincides with an increased transnational cooperation on the employees' side. Thus, it cannot be ruled out that influential members of CEEMET press for a common approach to social policy issues. The analysis of intra-organisational structures of employers' organisations however is beyond the scope of this study. In fact, when it comes to European social dialogues, the EMF's strategy of 'step-by-step' negotiations with employers' associations of the sub-sectoral level has proved to be successful. With some of the sub-sectoral employers' associations the EMF has concluded common agreements, for instance in the foundry sector (Agreement on Workers Health Protection through the good handling and use of crystalline silica, 2006) with CAEF before CEEMET decided to join the negotiations and sign the agreement as well (Interview EMF 2007).

A decisive issue perceived by trade union actors is the implementation of social partner agreements. Even with bargaining 'in the shadow of the law', that is, on the initiative of the European Commission, the Europe-wide implementation has not been without any problems due to differences in the industrial relationship systems of the member countries and heterogeneous practices of national social partners. As voluntary or 'autonomous' agreements are concerned, the implementation depends on the commitment and willingness of the member organisations. The compliance of some member organisations is considered as a problem even on the trade unions' side, and on the employers' side it is a fundamental shortcoming of European social partner agreements.

9.2 Chemical Sector

9.2.1 Economic background

The European chemical sector is characterised by a high degree of heterogeneity with regard to economic activity (e.g. according to the NACE classification scheme), comprising (sub)-sectors such as pharmaceuticals, paper and pulp, wood and wood products, glass and other non-metallic mineral products and chemical products (i.e. base chemicals such as petrochemicals and basic inorganics, i.e. synthetic rubber and plastics) and specialty chemicals, i.e. auxiliaries for industry such as paints and inks and crop protection)⁶¹. Base chemicals such as plastics and rubber and petrochemicals represent the largest part of total EU chemical sales, i.e. 43 % in 2006, followed by sales in pharmaceuticals which account for 28 % and specialty chemicals which amount to 19 % of total sales (CEFIC 2007).

The European chemical sector is strongly export-dependent (see section 7.3) whereby between 1996 and 2006 the share of intra-European exports has increased stronger than that of extra-EU exports, i.e. from 32 to 50 % and from 19 to 25 % of total EU sales, respectively (CEFIC 2007). In the same period, domestic sales decreased from 49 to 25 % of total EU sales (ibid). chemical sector exports represent a particularly large part of a country's total exports in Ireland and Belgium where the shares of the chemicals sector's exports in the totality of exports (measured as the summarised value of both manufacturing and services sectors export flows) are 32 % and 25 %, respectively (see section 7.3). On a global scale, the export-strength of the European chemical sector becomes apparent: In 2006 EU exports amounting to 55.3 % of world exports exceed EU imports (i.e. 46 % of world imports), whereas in the rest of the world chemical sector imports exceed exports. For instance, Asia (including

⁶¹ The heterogeneity of economic activities related to the chemical sector is mirrored in the (sub-)sectoral diversity of the *intra-organisational* domain of the European employees' organisation EMCEF (European Mine-, Chemical- and Energy Workers' Federation) which covers branches such as pharmaceuticals, chemicals, rubber and plastics, pulp and paper, wood, but also energy and mining. This sharply contrasts to the organisational pattern on the employers' side where – beside ECEG (European Chemical Employers Group) – a number of specialised organisations are existing. For instance, European employers' associations which are formally recognised as European social partner organisations for the European sector dialogue (see 'sectoral dialogue committees' in table 1 in section 1.3.1) are existing in the mining and extractive industries (i.e. APEP – European Association of Potash Producers, Euracoal – European Association for Coal and Lignite, Euromines - European Association of Mining Industries and IMA - European Industrial Minerals Association) and the energy sector (e.g. Eurogas, Eurelectric - Union of the Electricity Industry).

China and Japan) accounts for 24 % of world imports and for 21 % of world exports, and in the NAFTA the relationship between the share of exports in total world exports and the share of imports in world imports of chemicals is 14.3 and 16 %, respectively (CEFIC 2007).

With regard to output, Germany is the largest producer in the EU25, whereby the country's share of sales in chemicals in the total EU25 chemical sales amounts to 26 %, followed by France (i.e. 13 %), the United Kingdom (i.e. 12 %), Italy (i.e. 11.5 %), the Netherlands (i.e. 7.6 %), Spain (i.e. 7.2 %), Belgium (i.e. 6.8 %) and Ireland (i.e. 5 %) (CEFIC 2007).

The chemical industry represents a vertically highly integrated sector. Based on an input-output analysis covering the EU25, a large share of chemical output (around 55 % of total output) is further processed or used as pre-products in sectors such as metal, machinery and ICT (approximately 9 % of chemical sector output), automotive (i.e. 5.3 %), construction (5.4 %), textiles (i.e. 6.3) and paper and printing products (i.e. 4.5 %). Around 30 % of chemical output is consumed by end users (i.e. private households, governments and non-profit organisations), and more than 16 % of chemical sector output represent services sector consumption (CEFIC 2007).

In the European chemical sector (mainly defined by NACE class 24, manufacture of chemicals and chemical products) small and medium-sized companies (SME) are dominating (cf. IST 2006). For instance, more than 50 % of companies in the chemical sector employ less than 10 salaried workers in Estonia (i.e. 50 %), Portugal (i.e. 52 %), Latvia (i.e. 55 %), Lithuania (i.e. 58 %), Belgium (i.e. 59 %), Greece (76 %) and Poland (77 %), and in Hungary 92 % of chemical sector enterprises employ less than 20 employees. In Germany, the largest share (i.e. 54 %) of companies in the chemical sectors comprises medium-sized and large enterprises with 50 to 499 salaried workers. In Ireland, more than 54 % of the total of chemical sector companies are medium-sized and employ between 10 and 100 employees. In Slovenia, large companies with more than 100 salaried workers are predominating (i.e. 32 of all companies in the chemical sector). However, in terms of employees, the largest part of chemical sector workers is employed in large companies (IST 2006). For instance, in a large number of EU25 countries for which data is available more than 70 % of chemical sector workers are employed in companies with more than 100 salaried workers, i.e. in Sweden (73 %), Belgium (73.5 %), Finland (76.6 %), Ireland (78 %) and Slovenia (82 %). In France, 66 % of employees in the chemical sector are working in companies with more than 199 employees, and in Germany 63 % of sectoral employees are working in companies falling into the category of enterprises with more than 499 salaried workers.

Mid-term employment developments in the European chemical sector give evidence to the general trend of 'de-industrialisation'. However, in the pharmaceutical sector employment tended to increase in the EU27 between 2000 and 2005 (Eurostat 2008d). The largest increase in employment is evidenced in Denmark (+ 51 %), followed by Ireland (+ 31 %), Belgium (+ 14 %), Germany (+ 10 %), Sweden and the Netherlands (approximately + 8 %), Hungary (+ 7 %), Latvia (+ 6 %), Spain and France (approximately + 5 %) and the United Kingdom (+ 4 %). In Lithuania and Slovakia, employment shrunk to the largest extent between 2000 and 2005, i.e. by 38 and 36 %, respectively. Decreases in employment have also been reported for Finland (- 32 %) and Romania (- 22 %) and – to a lesser extent – for Austria (- 9.5 %), Bulgaria and Portugal (- 9 %), and Italy (- 4 %). In line with the general trend of the shrinking employment base in the manufacturing sectors, in the chemical industry (excluding pharmaceuticals) a steady and considerable decline of employment can be observed in the EU27 between 2000 and 2005 (Eurostat 2008d). Employment shrunk strongest in Slovakia (- 37 %), Romania (- 32 %), Bulgaria (- 31 %), Hungary (- 23 %) and the United Kingdom (- 20 %). Likewise, employment decreased in western European countries such as Denmark, the Netherlands and Germany (approximately – 15 %), Belgium (- 9 %), Ireland (- 8 %) and France (- 7 %). In Italy (approximately – 4 %), Portugal and Lithuania (approximately – 5 %) losses in chemical sector employment have been less pronounced.

9.2.2 The national systems of industrial relations in the chemical sector

The following section aims at categorising the countries considered in this study with respect to core features of the industrial relations systems, i.e. the degree of concentration/fragmentation of the trade union system, extension of collective agreements and collective bargaining coverage, characteristics of the collective bargaining system and trade union density in the chemical sector. In order to specify the range of 'sector-related' union organisations NACE class 24 serves as a reference (IST 2006). Due to the complexity of intra-sectoral structures of the chemical industry, sector definitions vary slightly among countries⁶².

⁶² Industrial activity in the chemical industry corresponds to NACE class 24 (manufacture of chemicals and chemical products) in all EU25 (IST 2006). However, in a number of countries the domains of EMCEF affiliates extend to NACE 23 (manufacture of coke, refined petroleum products and nuclear fuel) and NACE 25 (manufacture of rubber and plastic products). Likewise, collective agreements concluded by EMCEF member organisations may cover sub-sectors such as NACE 19 (manufacture of leather and leather products), 26 (manufacture of other non-metallic mineral products), 31 (manufacture of electrical machinery and appliances) and 90 (sewage and refuse disposal, sanitation and similar activities) as it is the case in Italy.

The high degree of intra-sectoral heterogeneity of the chemical industry is also reflected in the comprehensive domain of EMCEF, the sector's representative social partner organisation on the employees' side. In addition to NACE class 24, EMCEF affiliate's domains fully or partly include industrial activities according to NACE codes 25 (manufacture of rubber and plastic products), 26.1 (glass and glass products), 26.2 (ceramics), 26.5 (cement), 10 (mines and quarrying), 21 (paper, pulp and paper products), 40 (Electricity, gas, steam and hot water supply), 11.1 (extraction of crude petroleum and natural gas) and 23.2 (processing of nuclear fuel).

9.2.2.1 Representative domain concentration/fragmentation of the union system

Trade union fragmentation is an important factor for collective action (cf. section 1.5.2.4) and thus for the coordination of collective bargaining activities. According to hypothesis 6 (cf. section 4.1.6) two features of the associational system are of relevance, i.e. the number of sector-related union organisations and the degree of domain overlap between them as an indicator for inter-union competition and rivalry. The chemical sector is characterised by an outstandingly high level of union fragmentation compared to the other sector under consideration due to the heterogeneous structure of the sector that comprises industries such as pharmaceuticals, paper and energy. Although in all countries – with the exception of Greece where a separate workers organisation is existing for pharmacists – sector-related unions organise workers in the entire or in most parts of the chemical sector according to NACE class 24. This contrasts to organisation patterns on the employers' side where a large number of specialised associations, in particular for the pharmaceutical industry, are existing (IST 2006).

With regard to union fragmentation the chemical sector does not differ fundamentally from other sectors. Only in a minority of countries, i.e. Austria and Ireland, a (quasi) 'single-union' is existing (see table 23) Although two union organisations are organising workers in the chemical sector, the Austrian GdC (Union of Chemical Workers) organising blue-collar workers and the GPA-DJP (Union Salaried Private Sector Employees, Graphical Workers, Journalists and Paper Workers) representing white-collar workers, no domain overlaps are emerging due to the organisational domain differentiation according to the status of workers. In Ireland, in contrast, only one inter-sectoral union organisation is reported to organise workers in the chemical sectors. SIPTU - The Services, Industrial and Technical Union comprises both blue- and white-collar workers of different sectors including chemical processing and production, healthcares and the distribution of chemical and pharmaceutical products.

Trade union systems in all other countries are classified as 'multi-union' systems with varying degrees of fragmentation. The number of sector-related unions is highest in Denmark for which 11 sector-related unions have been reported (IST 2006). Employee organisation is highly diversified between blue and white-collar workers, whereby further specifications in organisational patterns are along professional and occupational lines (e.g. engineers, technicians, managerial staff), qualification levels (i.e. DM – The Danish Association of Masters and PHDs), and sectors (e.g. metalworkers, electricians). Trade union systems in Italy, Belgium, France, Greece and the United Kingdom are characterised by a comparably high degree of fragmentation and inter-union competition. For instance, in Italy conflicts with regard to collective bargaining arose in 2004 between the three most representative union federations, i.e. FILCEM, on the one side, FEMCA and UILCEM (IST 2006). In the United Kingdom, the considerable domain overlap brings about union rivalry with regard to organisation and recruitment issues. A certain degree of inter-union competition can also be expected in Spain and Portugal where only those organisations are entitled to collective bargaining which fulfil the representativeness criteria set up by governmental agencies such as the Ministry of Labour. However, for the last years no such rivalries or conflicts have been reported (IST 2006). This contrasts to the highly specified organisational patterns of Scandinavians employees and workers organisations where inter-union competition is low or not existing since domain overlaps are relatively small. Reported conflicts between some employee organisations in Sweden have been settled in the meantime and mainly concern organisational issues, i.e. the separation of the Swedish Association for Managerial and Professional Staff (LEDARNA) from TCO – The Confederation of Professional Employees which occurred in 1997 (IST 2006). Likewise, no inter-union conflicts have been reported from countries where worker organisation is split along political or confessional lines as it is the case in Belgium, France and the Netherlands. Thus, a high degree of union fragmentation cannot be interpreted straightforwardly as being associated with a high level of union rivalry. According to expert interviews it is however undisputed that collective action and cross-border coordination of collective bargaining in particular are inhibited by a large degree of heterogeneity in terms of workers organisations.

Tab. 23 – Typology trade union system in the chemical sector

Index sum:	Type of trade union system	Countries (index sum)
0 – 1 points : low degree of fragmentation	Category 1: Single union system, 'Quasi'-Single union system	AT (0), IR (0)
2 – 4 points: medium-level degree of fragmentation	Category 2: Functional diversity and moderate union competition	ES (4), FI (3), DE (3), NL (4), PT (3), SW (4)
5 – 11 points: high degree of fragmentation	Category 3: Political/religious/territorial cleavages and high degree of union competition	FR (5), GR (5), United Kingdom (5), BE (6), IT (7), DK (11)

Source: see Table 46, Annex 2

9.2.2.2 Extension practice and collective bargaining coverage

The following categorisation aims at classifying the collective bargaining systems of the chemical sector in the countries whereby the crucial distinction is made between *inclusive* and *exclusive* systems of industrial relations. According to hypothesis 9 (section 4.1.9), the rate of collective bargaining coverage is the decisive indicator for measuring the inclusiveness/exclusiveness of the industrial relations system, whereby rates below 50 % are assumed as to be the threshold for exclusive, fragmented systems. Due to the inherent dynamic of collective bargaining, a decay of multi-employer bargaining is spurred not only by external pressure on the collective bargaining systems such as the internationalisation of markets which marginalises the coordination function of collective bargaining (cf. section 1.5.2.3.2) but also by the erosion of multi-employer bargaining due to the extension of single-employer bargaining and individual bargaining between management representatives and employers. One of the most influential determinants of the level of collective bargaining coverage is the practice to extend collective agreements to other employees in the sector or companies which were not members of the signatory party to the agreement. Although legal rules for the extension of collective agreements are existing in most of the EU member countries, the *de facto practice* to apply these rules is less widespread and varies not only between countries but also between sectors.

Extension practice in the chemical sector tends to be in line with that on the aggregate country level (Marginson and Traxler 1995). Extending collective agreements to other employers in the chemical sector that are not members of the association(s) that signed the agreement is a widespread practice in Belgium, Spain, Finland, France and Portugal. Thus, collective bargaining coverage in the sector is comparably high in these countries, ranging from approximately 85 % (i.e. Spain and Portugal) to almost 100 % (i.e. Belgium). In the German and Dutch chemical industry collective agreements are not or only rarely extended although labour law provided for rules to make agreements binding for employers which are not member to the signatory party. The high collective bargaining coverage in the chemical industry of these two countries, i.e. around 85 % in the Netherlands and more than 90 % in Germany, is supposed to result from the organisational strength of employers. Employer densities of the most relevant sector related associations are estimated to be around 80 % (the German BAVC) and 95 %, i.e. VNCI of the Netherlands (IST 2006). In Austria and Italy functional equivalents of extension rules which guarantee the collective bargaining coverage are existing. In Austria, the membership in the Chamber of Economy, the country's sole inter-sectoral employers' association, is obligatory. In Italy the entitlement to collectively negotiated minimum pay is based on the constitutionally guaranteed principle of 'fair pay' (Schulten 2006, Funk and Lesch 2005; Traxler and Behrens 2002). However, there is no information available on the adoption of this functional equivalent by labour courts with regard to collective agreements in the chemical sector. Similarly, no data on the sectoral collective bargaining coverage is available in the case of Italy. In Denmark, Ireland and the United Kingdom no extension rules are provided for by labour law. However, collective bargaining coverage is estimated to be around 75 to 80 % (cf. table 47, Annex 2) in the Danish chemical sector due to the organisational strength of both the employers' associations⁶³. Since collective bargaining in Denmark takes place on different levels whereby an inter-industry agreement concluded by DI (The Confederation of Danish Industries) and CO-industri, the country's largest cross-sectoral trade union is complemented by several company-agreements which further specify wages and working conditions, estimates of the total sectoral collective bargaining coverage should be interpreted with caution. Based on figures for 2007 it is estimated that the DI-CO industri agreement covers around 70 % of workers in manufacturing industries. For the chemical sector that includes branches with comparably high collective bargaining coverage rates such as energy (Traxler 2008, IST 2001), it can be assumed that collective bargaining coverage in the chemical sector more or less corresponds with that in manufacturing in general, i.e. 76 % (Traxler and Behrens 2002). It has however to be noted that large single employers in the chemical sector (e.g. Novo Nordisk) are not members in DI and therefore

⁶³ The Danish DI – Confederation of Danish Industries as the most important employers' association for which data is available organises more than 60 % of companies in the chemical sector (IST 2006).

negotiating single-employer agreements. In Ireland where no extension rules are provided for by labour law collective bargaining coverage in the chemical sector is estimated to be lower, i.e. approximately 22 %, than in manufacturing as such, i.e. approximately 36 % (Traxler and Behrens 2002).

In the United Kingdom in contrast, collective bargaining coverage in the chemical sector that includes branches such as electricity, gas and water supply where collective bargaining coverage is comparably high (Grainger and Growther 2007), is estimated to exceed that in manufacturing in general, i.e. 30,7 % (Traxler and Behrens 2002). It is thus not very surprising that in Ireland and the United Kingdom collective bargaining coverage is lowest among the countries under consideration since in both countries employer associations which are entitled to carry out collective bargaining are not existing in the chemical sector. For instance, the Irish IBEC (The Irish Business and Employers' Confederation) affiliate 'Pharmaceutical Ireland' does not conclude collective agreements. A rather indirect coordination function of collective bargaining can however be observed since Pharmaceutical Ireland's members often take the national, inter-sectoral collective agreement in consideration in their rounds of single-employer bargaining (IST 2006). In the United Kingdom the most important sectoral employer organisation CIA - Chemical Industries Associations covers around 60 % of employees in the chemical sector. Collective bargaining takes place in a single-employer bargaining system since CIA does not participate in collective negotiations. Social partners in the chemical sector are participating in two tripartite forms, i.e. The Chemicals Innovation and Growth Team (CIGT), founded in 2002, and Cogent, the chemical industries skills council (IST 2006). Social partners in the British chemical sector are less concerned with collective bargaining but rather with supply-side issues such as skill formation, the increase of the sector's competitiveness and topics related with the REACH legislation, e.g. environment protection issues. The 'Charter for Industry-wide relationship between Chemical Employers and the Trade Unions' signed by CIA, Amicus, GMB, T&G (Transport & General Workers' Union) and USDAW (Union of Shop, Distributive and Allied Workers) in 2004 as a bipartite consultative forum mainly addresses this the issues mentioned above (IST 2006).

9.2.2.3 Characteristics of the sector-level collective bargaining system

The categorisation of the sectoral systems of collective bargaining is based on three principal elements: First, the level at which collective bargaining is carried out, second, the existence of covert mechanisms for the horizontal coordination of collective bargaining and, third, the co-existence of a peace obligation and the legal enforceability of collective agreements (cf.

section 5.1.2). The classificatory framework aims at a categorisation of countries according to the structural responsiveness of the sectoral collective bargaining systems. The capability of a collective bargaining system to ensure coordination of wage bargaining between and within sectors as a precondition in line with super-ordinate macroeconomic political goals is mainly determined by the pre-dominant coordination mechanism (cf. section 5.1.2). Two sets of factors for the categorisation of the countries' collective bargaining system (see table 24) are considered in this typology: First, the prevalent mode for the horizontal *coordination* – as well as the institutional pre-requisites for the vertical co-ordination of collective bargaining outcomes – is a characteristic that varies between *countries*, and second, the *level* as the only source of *sectoral* variation. Thus, the interpretation of results from a perspective which aims at analysing sectoral differences is focused on the degree of *centralisation* of collective bargaining.

Collective bargaining in the chemical sector is relatively de-centralised compared to other manufacturing sectors such as food production (cf. 9.3.2.2) or the construction sector (cf. section 9.4.2.2). The importance of single-employer bargaining stems from the pre-dominance of large MNC in the chemical and pharmaceutical sector in most of the countries. In general, large and international companies tend to refrain from membership in employers' associations and, if they are members, their inclination disembark from collective action in the form of multi-employer bargaining is higher than those of SME. Smaller companies which are operating mainly in national markets benefit from the functions of multi-employer bargaining (cf. section 1.5.2.3.2).

In countries where collective bargaining on the industry-level is prevailing, such as Denmark, Italy, the Netherlands, Portugal and Spain, the wage-setting pattern in the chemical sector is more de-centralised. Thus, collective bargaining in the chemical industries of these countries is carried out to a more or less equal extent both on the sector and on the company level. Only in France wage bargaining tends to be in line with the general, inter-sectoral pattern of collective bargaining coordination whereby both levels are equally important (EC 2006). A similar pattern can be observed in Ireland where collective bargaining in the chemical sector occurs mainly on the company level although national, inter-sectoral Social Partner Agreements include workers in the chemical sector. However, their de facto relevance for the sector's employees is limited since most issues are determined in company-level agreements.

Wage-setting in the chemical industry takes place mostly on the industry level in Austria, Belgium, Germany and Sweden and thus is in line with the pre-dominant pattern that is identified on the national level (e.g. EC 2006). In Greece, wage bargaining is reported to be

carried out in a more centralised fashion, with the inter-sectoral and the sector levels dominating (IST 2006). However the difference between country-classifications and a more sector-related analysis seems to be a gradual one: Although the industry-level is the dominant, the company level is considered as an import additional level of collective bargaining (EC 2006).

With regard to the capacity for the vertical coordination of collective bargaining provisions that guarantee the compliance of lower-rank bargaining agents are provided for in Finland, Greece, the Netherlands, Denmark and Sweden. The same holds true for Austria and Germany, where both the legal enforceability and a peace clause is guaranteed for collective agreements negotiated by recognised employer and worker organisations. However, due to the existence of pattern-bargaining, whereby the wage agreements of the metal sector serve as a basis for orientation for bargaining agents in other sectors, Germany and Austria exhibit the highest values with regard to the responsiveness of the system of collective bargaining. For the chemical sector the pattern-setting function of the metal industry is of particular relevance since both sectors share communalities in terms of their export dependence. Thus, the wage agreement in the metal sector sets an upper limit to that in the chemical industry towards which trade union bargainers strongly orient their demand vis-à-vis the employers' side. The same holds true for collective bargaining coordination on the transnational level. Within the multi-sectoral framework of the Eucb@n network aiming at the cross-border coordination of collective bargaining policies in the metal, chemical and textile sector, the respective industry federations, i.e. the European Metalworkers' Federation (EMF) and the European Mines, Chemicals and Energy Workers' Federation (EMCEF) have established close ties with regard to the exchange of collective bargaining information (cf. section 9.2.4).

Tab. 24 – Typology collective bargaining system chemical sector

Index sum:	Type of collective bargaining system	Countries (index sum)
0-1	Low responsive collective bargaining systems: lack of institutional prerequisites to ensure vertical co-ordination	United Kingdom(0), IR (0), FR(0,5), IT(0,5), ES(0,5), PT(0,5)
2-3	High formal responsiveness of collective bargaining system: supportive legal prerequisites to ensure vertical co-ordination	BE(1), DK(1), SW(2), FI(3), GR(3), NL(3)
<= 4	Highly responsive systems dominated by pattern bargaining	AT(4), DE(4)

Source: Table 48, Annex 2

9.2.2.4 Density of the sector-related trade unions

Trade union densities in the chemical sectors of the EU15 tend to be in line with the aggregate density rate of the manufacturing industries (EC 2006). Only in Germany and Greece the unionisation in the chemical sector is remarkably higher than in manufacturing in general. The German IG BCE's density in the chemical sector is around 40 % and clearly exceeds the unionisation rate of 30 % in the manufacturing industries. The high union density in the Greek chemical sector is based on reported density figures of the largest and most representative sector-related employees' organisations, i.e. OEFSEE – Federation of Employed Pharmaceutical and United Occupations of Greece and OECVE – Employee Federation of the Chemicals' Industry of Greece, which are above 60 % (IST 2006).

With regard to the concept of 'sector density' it has to be noted that it may imply some room for interpretation by trade union respondents. Inconsistencies may arise from the fact that some countries deliver density rates that are based on the relationship between the number of actual members to the number of potential members in the sector according to their *membership domain*. This is of relevance for those trade unions that organise along professional, occupational and educational lines such as those in the Nordic countries, or for organisations that are present solely in one company. Contrastingly, for general unions that organise both blue and white-collar workers, the reference criterion is the total number of

employees in the sector.

As table 25 shows, the level of trade union density rates in the chemical sectors of the countries considered is characterised by an even dispersion. Trade union densities between 25 and 50 % are most frequent. In 6 out of 14 countries densities are above 50 %, whereof the highest densities are reported from sector-related unions of the Scandinavian countries considered in this study, i.e. Finland, Sweden and Denmark.

Tab. 25 – Density of sector-related unions – chemical sector

Density rates	(aggregate ^a) sector density
< 25	FR (< 10 %), ES (15-20 %), PT (20 %)
< 50	IT (25-30 %), United Kingdom (25-30 %), NL (30-40 %), DE (40 %), IR (40-50 %)
51-69	BE (50-55 %), AT (50-60 %), GR (60 %),
> 70	FI (80-90 %), SW (85 %), DK (90 %)

Source: Table 49, Annex 2

^a in case of multi-union systems a weighted average based on the union's share of members in the total of members of sector-related trade unions;

9.2.3 The chemical sectors' bottom-up approach: Union-led networks for information exchange on collective bargaining issues

The issue of the transnationalisation of collective bargaining has been discussed among trade unionists in the chemical sector since the early 1990ies. However, it was not before the late 1990ies that it was decided to set a basis for a more continuous form of cross-border collective bargaining coordination. Against the background of the forthcoming EMU, the collective bargaining committee of EMCEF (European Mine, Chemical and Energy Workers' Federation) formed the so called 'Euro Working Group' aiming at the collection of collective bargaining data whereby the focus was on Belgium, Denmark, France, Germany and Italy (Le Queux and Fajertag 2001). The structure of the Euro Working Group mirrors inter-country interest positions in so far as the five participating countries have been particularly engaged in launching a Europe-wide approach to the coordination of collective bargaining. Still, these countries are among the most active ones as far as the cross-border collective bargaining

coordination is concerned.

In contrast to the metal industry, a formal network structure embedded in the organisational structure of the industry federation has never been established in the chemical sector. The co-operational structures are much more informal, such as the existing networks between Scandinavian countries and Germany and the Benelux region (Interview 2 EMCEF 2007). In pursuing a bottom-up approach to coordination, trade unionists from these countries meet on a regular – but however less frequent – basis than in the metal sector – and organise joint seminars and bi- or multilateral meetings. Interestingly, contacts among German and Danish trade unionists are on a more formal basis, resting on contacts with the union's headquarter and the collective bargaining committee. Despite the different bargaining structure – that is even more pronounced than in the metal sector – the exchange of information on the bargaining situation in the neighbour country is vital (Interview 1 EMCEF 2007). In general, differences in national industrial relations systems are one of the major hindering forces for the transnational coordination of collective bargaining. Among the Nordic countries, the structural differences in industrial relations across countries and sectors are relatively small. Whereas in the Nordic countries, collective bargaining structure is comparably homogenous with one agreement for the entire sector, collective bargaining in the German chemical is much more differentiated along sub-sectoral lines, e.g. paper, glass. In other countries such as the neighbouring Netherlands, agreements are negotiated at company-level as the sector is dominated by large multinationals. The high concentration and internationalisation of the chemical sector – in particular the paper and pulp industry – inhibits trade union's efforts in coordinating collective bargaining across borders. In contrast to MNC where standardised wage and HRM-policies are easily coordinated internally across different locations, the decision-making process of nationally embedded network actors such as trade unions presupposes the identification and unification of – often varying – interests (see 1.5.2.4.1).

Another indicator of the advanced state of development of cross-border coordination structures in the Scandinavian countries is the high degree of cross-sectoral integration. The transnational bargaining cartel of the metal sector, Nordic IN (see 9.1.4) that includes trade unions from Sweden, Denmark, Norway Finland and Iceland, has been extended to the chemical sector in 2007. Yet, chemical sector trade union representatives from Denmark, Norway, Sweden and Finland met in a joint annual bargaining conference even before the federations from the chemical and the metal industry merged within the framework of Nordic IN (Interview 1 EMCEF 2007). The exchange of collective bargaining information is described as 'increasingly important and increasingly concrete' (Interview 1 EMCEF 2007) and has been extended to areas such as the IG BCE Coastal district.

The most important topics discussed in collective bargaining networks are the basic development of labour costs – especially in the Nordic area and Germany – as well as training and health and safety. Although there exists common agreement on the importance of these topics, the method of how to coordinate wage across borders is highly disputed among trade unionists of different countries. The high disagreement is mostly due to structural differences within the chemical sector that includes branches such as the paper industry, the pharmaceutical industry and mining. Since the overall productivity – that is relevant for the wage developments in the metal sector – is not considered as a useful indicator for the chemical industry by trade unionists from the Nordic countries, a common benchmark for the comparison of wage increases across countries is lacking. The ‘German model’ of wage determination that rests upon a ‘wage formula’ based on the rates of inflation and overall productivity and leaving some ‘negotiation space’ for wage bargainers, which has been established as a common bargaining principle in the metal industry (see section 9.1.5), is not applied in the chemical sector. Even within the IG BCE no consensus exists among trade unionists with regard to the question of the applicability of a wage formula such as the European Coordination Rule of the metal sector (Interview 1 EMCEF 2007). In general, a wage formula is considered as too ‘rigid’ to correspond to the sectoral heterogeneity.

9.2.4 A coordinated cross-border approach to collective bargaining: The Ecob@n information and reporting system of the European Mine, Chemical and Energy Workers’ Federation (EMCEF)

It is clear that despite the practical imponderability that comes along with the adoption of common bargaining criteria in the chemical sector, the exchange of information on wage developments and collective bargaining topics is perceived as increasingly important by trade unionists (Interview 1 EMCEF 2007, Interview 2 EMCEF 2007). On the part of the European Mine, Chemical and Energy Workers’ Federation (EMCEF), the idea of integrating the collective bargaining information and reporting system from the metal sector with the one established in the chemical sector, has found growing support. The chemical sector’s Cob@n System, that dates back to the year 2000 and aims at the regular exchange of collective bargaining information among member organisations, has been integrated into the Eucob@ System established by the European Metalworkers’ Federation. The extended system, entitled ‘Eucob@n’, includes three sectors, i.e. the metal, chemicals and textile sector and provides access to bargaining information for member organisations from all sectors. Additionally, annual reports are compiled separately for each of the sectors. The information system is a tool to improve the co-ordination of collective bargaining and strengthen collective bargaining

among member organisations across Europe by a structured and permanent information exchange and consultation process.

However, the chemical sector's information and reporting system has never attained the same degree of institutionalisation and formality of its counterpart in the metal industry. It was not before 2003 that bargaining information has been collected on a regular basis and annual reports have been compiled. However, the effectiveness of the reporting system is questionable since the quality of data varies among member countries. Besides, the number of member organisations that report on a regular basis to EMCEF is rather small. Nevertheless, EMCEF invested some resources to improve the quality of the reported information and to extend their net of national correspondents.

With regard to the exchange of collective bargaining information, the Cob@n system is considered as a valuable tool. Its potential lies not so much in the exchange of ex-post bargaining information such as the sectoral and geographical scope of collective agreements and the negotiated wage increases, but more on 'spotting the collective bargaining trends and tendencies' and helping to identify important bargaining issues and models of best practice (Interview 1 EMCEF 2007).

9.2.5 European Social Dialogue in the Chemical Sector

So far, four European sector committees pertaining to the organisational domain of the European Mining, Chemical and Energy Workers' Federation (EMCEF) have been established. The *mining* sector has the longest tradition of social dialogues. Under the auspices of the ECSC Treaty, a joint committee on coal was established in 1952. With the expiration of the ECSC in 2002 it has been replaced by a sector social dialogue committee for mining⁶⁴. On the workers' side, the European Mine, Chemical and Energy Workers' Federation (EMCEF) is recognised as a European social partner organisation. The employers are represented through four organisations that are recognised as European social partners, i.e. the European Association for Coal and Lignite (EUROCOAL), the European Association of extractive industry Industries, Metal Ores and Industrial Minerals (EUROMINES), the European Association of Potash Producers (APEP), and the European Industrial Minerals Association (IMA-Europe). The mining sector's downturn has been accompanied by government subsidies for production. The decline in production has been particularly pronounced in France, Spain, the United Kingdom and Germany. However, state subsidies have been considerably cut down during the last years. The sector is the target of a wide

⁶⁴ The committee's name was changed into 'extractive industries' by the social partners in 2005.

range of Community policies such as the anti-dumping regulation⁶⁵. The majority of joint texts agreed on in social dialogues refer to health and safety issues, the impact of enlargement and the implications of sustainable development (Pochet et al. 2006). The second sector pertaining to the domain of EMCEF that officially established a dialogue committee was *electricity*. After establishing an informal working group in 1995, an 'official' sector committee has been set up in 2000. The social partner organisations recognised by the Commission are EMCEF and the European Federation of Public Sector Unions (EPSU) on the employees' side and EURELECTRIC on the employers' side. The major issues in European social dialogue are linked to the restructuring of the electricity sector as a consequence of the EU liberalisation of network industries since the second half of the 1990ies. The step-wise opening of the market occurred on the basis of the adoption of a directive in 1996⁶⁶ the provisions of which came into force in 1999 and that was followed by further directives stipulating the full market liberalisation by 2007 (EC 2005). Other topics of the social dialogue are lifelong learning, work-related stress and equal opportunities. In December 2004, EMCEF succeeded in finally establishing a sector committee for the *chemical* industry against employer reluctance and their organisational weakness with regard the representation of social and labour market interests. Since the industry has long been represented only through the European Chemical Industry Council (CEFIC) that preferred informal dialogue structures and lacked any mandate to conclude social agreements on behalf of its members, the European Chemical Employers' Group (ECEG) was founded as an off-spring of this organisation in 2003. In contrast to CEFIC that also represents MNC headquartered outside of Europe and that most fervently opposed European social dialogues, ECEG obtained a social mandate. Since the chemical sector is a high-tech and R&D-intensive industry, qualification and lifelong learning rank high on the social partners' agenda. However, the strongest impulse for European social dialogue originates from the regulatory offensive of the Commission, the so called REACH system (Registration, Evaluation and Authorisation of Chemical substances) adopted in 2006. The implementation of the REACH legislation aims at enhancing the international competitiveness and innovation capacity of the sector as well as improving worker protection and health and safety standards. European social dialogue has been currently spurred by the Commission's proposal (COM 2008a) on the amendment of the directive on greenhouse gas emissions (Directive 2003/87/EC) and resulted in the adoption of a joint statement by the chemical sector's social partners.

The most recent sectoral committee was established in the *gas* sector (2007) with EMCEF

⁶⁵ Council Regulation (EC) No. 284/96.

⁶⁶ Directive 96/92/EC of the European Parliament and of the Council of 19 December 1996 concerning common rules for the internal market in electricity

and EPSU representing the sector's interests of the employees' side and Eurogas as the social partner organisation of the employers. Correspondingly to the electricity sector, the gas industry was subject to EU liberalisation since the second half of the 1990s. The full opening of the energy market is set by 1 July 2004 for business customers and 1 July 2007 for households (EC 2005). Although there have not yet any texts been produced in the gas sector social dialogue so far, it is supposed that addressing the social consequences of the market liberalisation is an important topic on the social partner's agenda. This process has a profound impact on employment. Statistics on in the gas sector point towards a decline of 12-13% of jobs between 2001 and 2005 as the result of the ongoing restructuring, privatisation (EU12) and liberalisation of the gas market (EC 2007).

Despite pronounced differences between these sectors, the chemical industry, the electricity and gas sector are subject to far-reaching Community regulation on the step-wise liberalisation of markets. Employers associations and trade unions share common interest with regard to the REACH legislation, such as managing restructuring and enhancing the sector's international competitiveness, improving qualification and R&D as well as health and safety standards. Moreover, the development of a new energy policy is considered as a common topic of both sides of the industry. The adoption of the agreement on Respirable Crystalline Silica that was signed by social partner organisations of the extractive (i.e. EUROMINES — European Association of Mining Industries), chemical⁶⁷ and metal industries (i.e. CEEMET — Council of European Employers of the Metal, Engineering and Technology-Based Industries, CAEF — The European Foundry Association and, on the employees' side, the European Metalworkers' Federation EMF) in 2006 is mentioned as an innovative step towards the conclusion of cross-sectoral social dialogue agreements. However, chemical sector representatives criticised that the building industry was not a signatory party to the Silica agreement despite the significance of the agreement's provisions for this sector. They point out that social partners in the construction sector prefer legislation over European social dialogue agreements (see section 9.4.3). The consultative role of the social partners is

⁶⁷ A number of sector-specific employers' organisations (whereby some of them are no pure employer organisations but '*mixed*' associations representing *both* employers' labour market and product market interests) representing companies in different branches such as the glass industry (i.e. APFE — European Glass Fibre Producers Association, ESGA — European Special Glass Association, FEVE — European Container Glass Federation, GEPVP — European Association of Flat Glass Manufacturers, IMA-Europe — The Industrial Minerals Association, UEPG — European Aggregates Association), the cement (i.e. CEMBUREAU — The European Cement Association, BIBM — International Bureau for Precast Concrete) and ceramics sectors (CERAME-UNIE — The European Ceramics Industries).

reported to be particularly important in the extractive industry where the Commission regularly carries out social partner consultations. In general, trade union respondents point out that European social dialogues are an instrument to address non-conflictual topics and that the implementation of joint texts can not be guaranteed. Thus, interviewees underscore that for the future of European sector-level social dialogues the production of binding outcomes such as the Silica agreement is vital.

9.2.6 Trade union actors' perceptions in the chemical sector

In the following two sections, the perceptions of the trade union actors with regard to internal interest constellations among EMCEF's member organisations and the assessment of collective bargaining coordination strategies and tools are summarised. The relatively high degree of integration of cross-border collective bargaining policies in the metal and the chemical sector is reflected by the fact that the respondents often referred to the metal sector's coordination approach when stating their assessments. Nevertheless, actors from both the chemical and the metal industry ascertained the autonomy of their approaches and pointed to the structural and institutional differences in both sectors.

9.2.6.1 Trade union actors' perceptions with regard to union-led cross-border coordination initiatives

The idea of the transnationalisation of collective bargaining policies is supported in particular by the Scandinavian and German trade unionists as well as trade unions in the Benelux countries. In the last years, countries from central and eastern Europe have taken an active role in promoting the Europeanisation of collective bargaining. Despite the far-reaching agreement on the importance of cross-border coordination, there are two opposing groups concerning the method and means of coordination. Whereas the southern European countries hope for a strengthening of the general collective bargaining position vis-à-vis the employers' associations through a joint approach together with the northern countries, the latter ones fear a weakening of their own bargaining power when embarking on a common strategy with the Southerners. Surprisingly, it has been the Italian unions that developed into active supporters of a European approach to collective bargaining within EMCEF. The strong identification and sense of solidarity among workers in the Italian chemical industry with their colleagues from other countries are regarded as factors that improve cross-border initiatives (Interview 1

EMCEF 2007). Nordic trade unionists in turn are particularly reluctant to adopt elements of other industrial relations models, be it the German or the Franco-Belgian one. In addition, a line of conflict can be found between countries with highly centralised collective bargaining and interest representation structures and those where negotiations predominantly take place on company level and the representation of employee interests is fragmented. However, the national diversity of industrial relations structures and traditions as the fundamental problem inherent to transnational coordination approaches can be tackled only through efforts to increase the mutual understanding of the functioning and the similarities of national industrial relations systems. Thereby, the key position of certain member organisations in acting as mediators between different groups of actors (such as the Czech OS KOVO in the metal sector) is of utmost importance.

With regard to the learning process in collective bargaining coordination, the initial opposition of trade unionists in the chemical sectors towards the EMF's approach to the transnationalisation of collective bargaining policy has lost much of its intensity. However, on the national level there exists a considerable degree of competition between collective bargaining strategies of trade union organisations in the metal industry and in the chemical sector. The perceived need of trade union bargainers to strengthen their autonomous position in collective bargaining can be altered sometimes only through top-down decisions within a hierarchical organisation structure. The decision of the both EMF and EMCEF to embark on a closer cooperation in cross-border collective bargaining coordination projects such as the Eucob@n System has contributed to a changed stance among national member organisations.

9.2.6.2 Trade union actors' perceptions with regard to central and de-central coordination approaches

Trade union representatives from both the European and the national level underscore the different principles that are underlying central and de-central forms of transnational policy coordination. Collective bargaining is referred to as an instrument 'that has to be capable of facing conflicts and be backed by the option to collective action' (Interview 2 EMCEF 2007). In contrast, the function of the European social dialogue is to 'enter into talks with the employers' side' (Interview 2 EMCEF 2007) to demonstrate points of view and positions on several 'soft' topics that are less conflict-ridden. The aim of social dialogues is rather to find a common ground for deliberations. The topics addressed in the European social dialogue are more general and encompassing than those addressed in collective bargaining and center around health and safety, social and environmental policy goals as well as the issue of

competitiveness of the sector. Hence, the function of European social dialogue is rather political-normative than substantive-functional. In this respect, the involvement of the European Commission is regarded as particularly important. It is important to note that the consultation of the social partners by the Commission follows a dialogical pattern of communication since social partners are not only the addressees in the consultation process. Rather, the identification of the Commission's priority goals and positions are considered as important by the social partners. Findings from the expert interviews underline the complementary function of central and de-central patterns of Europeanisation in the chemical sector.

9.3 Food Sector

9.3.1 Economic background

The European food industry, comprising the production of food products and beverages, has been the single largest manufacturing sector in terms of turnover, value added and employment in 2006 (CIAA 2007)⁶⁸. With regard to the sub-sectors of the food industry, the segment of 'various food products' accounts for the largest share in terms of the sector's total turnover (i.e. 27 %) and workforce (i.e. 42 %), followed by meat production, (i.e. 22 % and 23 %, respectively), beverages, (i.e. 15 % and 10 %, respectively), and dairy products (i.e. 14 % and 9 %, respectively). The EU's largest food and drink producing countries (in terms of turnover) are France, Germany, Italy, the United Kingdom and Spain (CIAA 2007). With regard to exports, the food industry ranks third behind the metal sector, including the automotive, metal and steel production sectors, and the chemical industry (UNCTAD 2007). Despite considerable export volumes of the food and beverage industry, in sub-sectors such as meat and dairy production a large part of the output is produced for local markets. In general, the increasingly favourable conditions for long-distance transport of food products and the integration of the European Common Market have contributed to a growing standardisation of food products and markets.

Labour productivity in the food industry is considerably lower than in the manufacturing industry as a whole (CIAA 2007)⁶⁹. Correspondingly, indicators for innovation (ibid)⁷⁰ and investment (OECD 2004) are lower than in most manufacturing sectors. Despite the existence of a number of MNC operating in the European food industry, the sector is highly fragmented. The share of small and medium enterprises in the total number of companies in the food and

⁶⁸ These figures correspond to a sector classification that provides for separate categories for automobile industry, fabricated metal products, machinery equipment, and chemical products. Export figures according to UNCTAD data (2008) are based on a different classification, i.e. the metal sector *includes* machinery and transport equipment (SITC 7), iron and steel (SITC 67), ores and metal (SITC 27 + 28 + 68) and non-ferrous metals (SITC 68).

⁶⁹ In 2004 labour productivity (as value added per employee, in 1000 €) in the manufacturing industry exhibits a value of 45.5, the respective figure for food and drink products is 39.9. Labour productivity is highest in the chemical industry (i.e. 87), the automotive industry (i.e. 59), followed by pulp and paper production (56) and machinery and equipment (46.8) (CIAA 2007).

⁷⁰ For instance, average innovation performance in the food industry is below that in the chemical sector, the automotive industry, machinery and metal production (CIAA 2007).

drink industry is around 99 % (CIAA 2007). In general, concentration processes, i.e. cross-border investments by food companies, can also be observed in the European food sector.

The sugar sector in particular has been subject to far-reaching restructuring and consolidation. The European Commission announced market reforms in the European sugar production sector that was followed by a Council agreement on the reform of the common market organisation in the sugar sector (the sugar 'regime'). Measures such as the reduction of guaranteed prices and production quotas contributed to the decrease in output and employment in the European sugar sector (Glassner 2008a). From 2005 to 2007, the social partners expected a reduction of 25% in the number of companies and a reduction of direct employment by 25,000 people. The member states that are expected to be most affected are Italy, Ireland, Greece and Portugal but also the Czech Republic, Denmark, Finland, Hungary, Latvia, Lithuania, Slovakia, Slovenia and Spain

Labour mobility in the European food industry is supposed to be outstandingly high, in particular in sub-branches such as the meat processing sector. Migrant workers account for a large share of the workforce in the food processing sector in Germany, Denmark and the Netherlands (Interview EFFAT 2007). With regard to the type of employment, temporary agency work is widespread in a part of the countries such as in the United Kingdom, the Netherlands, Germany and Spain (ibid).

9.3.2 The national systems of industrial relations in the food sector

In the following sections key variables of the industrial relations systems (see section 5.1) in the food sector are summarised for the countries under consideration. In order to specify the range of union organisations that are 'sector-related' NACE class 15 serves as a reference. All organisations' the organisational domain of which fully or partly includes workers employed in the 'manufacture of food products and beverages' are considered as sector related. The sector definition is of relevance for measuring the degree of domain concentration/fragmentation of the union system and the density of sector-related trade unions. In order to identify employees' and employers' organisations which fulfil the criteria of 'representativeness' and are therefore recognised as European social partner organisations eligible to participate in the European social dialogue, reference is made to the 'representativeness studies' commissioned by the European Commission that have been carried out for several sectors. However, for the food production sector no such study has been conducted. This is due to the fact that the respective European Industry Federation, i.e. EFFAT (European Federation of Food, Agriculture and Tourism Trade Unions), is represented in European social dialogue only for agriculture, the sugar production sector, horeca and

catering but not for the food production sector as such. Since the largest overlaps with regard to the organisational *domain* consist between trade unions in the sugar sector and those organising workers in the food production sector, the study 'The social partners and their representativeness: manufacture of sugar' (Glassner 2008a) is referred to as an important guideline of reference⁷¹.

9.3.2.1 Representative domain concentration/fragmentation of the union system

As hypothesised (see section 4.1.6), trade union action is facilitated in associational systems which exhibit a high degree of concentration. In order to measure the degree of concentration/fragmentation of national trade union systems in the food production sector, an index including two variables, i.e. the number of sector-related trade unions and the domain comprehensiveness. Thus, the index incorporates the type of the associational system in terms of a *single-* or *multi-union system* and, in addition, a measure to grasp *inter-union competition* for members due to overlapping or congruent organisational domains of the respective sector-related unions. The index aims at measuring an institutional characteristic that directly affects trade union action and co-operation both on the national and on the European level. Based on the data summarised in table 50 (Annex 3), the typology depicted below (see table 26) is developed:

⁷¹ The sector delineation is based on the NACE classification code, whereby the manufacture of sugar (NACE code 15.83) is a sub-class of food production as such, i.e. NACE 15. Thus, for all workers' organisations under consideration (with the exception of the one in Greece), domain overlap between organisations considered in the sugar sector representativeness study and those trade unions which are supposed to organise members in the food production sector.

Tab. 26 – Typology trade union system food production sector

Index sum:	Type of trade union system	Countries (index sum)
0 – 1 points : low degree of fragmentation	Category 1: Single union system, ‘Quasi’-Single union system	GER (0), AT (0)
2 – 4 points: medium-level degree of fragmentation	Category 2: Functional diversity and moderate union competition	ES (2), IR (2), FI (3), IT (3), NL (3), DK (4), SW (4), United Kingdom (4)
> 5 points: high degree of fragmentation	Category 3: Political/religious/territorial cleavages and high degree of union competition	FR (5), BE (5), PT (8)

Source: Table 50, Annex 3

With the exception of Germany, in all countries under consideration a multi-union system with two or more sector-related trade unions is prevailing in the food production sector. However, Austria’s low degree of fragmentation is due to the fact that the membership domains of the two unions organising members in the food production sector, i.e. GPA-DJP (Union of Salaried Private Sector Employees – Union of Printers, Journalists and Paper Workers) and GMTN (Metalworking, Textiles, Agriculture and Food-processing Union) do not overlap. The organisational domains of both unions are clear-cut with regards to the differentiation between blue (GMTN) and white-collar workers (GPA-DJP). Thus, the country’s associational system is labelled as a ‘quasi’-single union system. This contrasts to union systems in other countries where demarcations focus on certain categories of employees which are then organised across several or all sectors. Employee categories are specified by various parameters such as distinct occupations (e.g. electricians organised in the Danish DEF or engineers organised in Sveriges Ingenjörer of Sweden, or Ledarna from Sweden, an organisation for managerial and professional staff) and employment status (e.g. blue-collar workers, as is the case of 3F of Denmark, or white-collar employees, as is the case of TU of Finland and Denmark’s HK). Despite these differentiations with regard to membership, domains exhibit a large degree of overlap in Finland and Sweden whereas in Denmark overlaps exist to a more limited extent between Metal, 3F and DEF (see table 50, Annex 3). In countries without any distinction in employment status and occupation, such as Belgium, the Netherlands, Spain, France, Italy, Portugal, Ireland and the United Kingdom domain overlap is endemic.

Considering both the number of unions in the sector and the existence of domain overlap, Germany (single-union system) and Austria ('quasi'-single union system) build one category of highly concentrated associational systems. The second category covers countries which are predominately characterised by union systems differentiating in *functional terms* between member's occupations or employment status, or, as in Spain, Ireland, Netherlands and the United Kingdom, countries where two or more general, i.e. inter-sectoral, union organisations co-exist in the sector. With the exception of *Spain* where union *rivalry* typically exists in the dual structure dominated by the two large representative union federations CC.OO and UGT, inter-union action in general – leaving aside the competition with regard to the recruitment of members – is not hindered by rivalries in rest of the countries subsumed in this category.

The third category covers those union systems which exhibit a high degree of fragmentation due to political (France), religious/political (Belgium) or regional/territorial (Portugal) cleavages of trade union organisation. The high degree of fragmentation of the associational system often brings about a lack of representativeness of the numerous but rather small union organisations, as it is the case in Portugal. Here, the co-existence of several unions with congruent or largely overlapping domains has produced a multiplied structure of trade union organisation that results in a high degree of inter-union competition not only in recruiting members but also in collective bargaining. The high level of fragmentation results in a constant challenge of collective action of the sector-related unions that goes even beyond sectoral lines. For instance, trade unions not considered as sector-related such as FEQUIMETAL (Chemical and Metalworkers' Federation) and FSTRU (Road Transport Workers' Federation) are signing collective agreements in the Portuguese food production sector.

9.3.2.2 Extension Practice and collective bargaining coverage

Leaving aside the mere existence of rules for the extension of collective agreements to employers and employees in the sector that are not affiliated to the agreement's signatory parties, the *de facto practice* of extending collective agreements is of interest. It is important to note that only such extension schemes designed to extend the purview of a collective agreement to the *employers* not affiliated to the signatory employer association are considered in this study. Extension regulations targeting the employees are not dealt with since it are the employers' – often ambiguous – interests in applying a collective agreement or retreating from multi-employer bargaining which are decisive in this respect.

In the food industry, the extension of collective agreements is a common practice in countries such as Belgium, Finland, France, Spain and Portugal. In Austria and Italy the existence of

functional equivalents of extension rules results in a *de facto* extension of collective agreements concluded by the sector-related social partners to all employers in the sector. Due to the obligatory membership of the sector's companies in the Austrian WKÖ and due to the encompassing purview of the sector's collective agreements the practice of extending multi-employer agreements to employers who are not affiliated to the signatory employer association is obsolete. Another functional equivalent of statutory extension schemes aiming at making collective agreements universally binding can be found in Italy. According to the country's constitution minimum conditions of employment must apply to all employees. According to the labour court rulings, multi-employers agreements concluded by 'representative trade unions' and employers' associations are related to the principle of general minimum conditions. Thus, these collective agreements are considered as generally binding (EC 2004, Traxler and Behrens 2002).

In a number of countries (see table 51, Annex 3) extension of collective agreements to all employers in the food production sector is rather marginal (Germany, Greece, the Netherlands, Denmark, Ireland) or non-existing (Sweden, United Kingdom). While in general, the full range of provisions stipulated in the collective agreement are declared as generally binding, only certain – often pre-specified – provisions are subject to extension in Germany, Denmark and Ireland. For instance in Ireland, extension refers solely to minimum pay and working conditions and in Denmark extension is a means to transpose EU directives⁷². Thus, extension practice in these countries is generally limited (Traxler and Behrens 2002). In the Netherlands and in Greece – as in the majority of countries – the extension of collective agreements presupposes the fulfilment of minimum requirements with respect to the signatory parties' representativeness and thus, with respect to the coverage of the agreement in the respective sector. Statutory extension provisions usually allow for extending a collective agreement to unaffiliated employers only when the signatory union and employer association represent (i.e. organise) 50% or more of the employees within the agreement's domain as it is the case in Finland, Germany, Greece and the Netherlands (EC 2004).

Turning to the coverage rate of collective agreements in the food production sector, a generally high level of collective bargaining coverage can be inferred from empirical findings (see table 51, Annex 3). With the exception of the United Kingdom, in all countries for which data are available a coverage rate of more than 90 % can be observed⁷³. Hence, collective

⁷² For instance, EU Council Directive 91/533/EEC on the employer's obligation to inform employees of the conditions applicable to the employment relation.

⁷³ A closer look into the intra-sectoral collective bargaining structures confirms high coverage rates for the sub-

bargaining structures in the food industry are comparably strong and encompassing as in the manufacturing sector in general that traditionally represents a trade union stronghold. However, it has to be noted that wages and working conditions stipulated in the sector's collective agreements are generally lower than those in industrial sectors such as the metal or chemical industry. Compared to the levels of collective bargaining coverage rates in the entire manufacturing sector ranging between 80 to 90 % and 70 to 80 % in countries such as Finland, Italy and Germany (EC 2004), coverage rates are particularly high in the food industries of these countries. In Finland a full coverage is reached by the co-existence and complementary nature of several collective agreements concluded by TU, SEL and Metalliliitto that cover a variety of different types of employees in the sector. To a somehow lesser extent, the relatively high coverage rates in Italy and Germany is due to the co-existence of collective agreements in a number of sub-sectors such as bakeries, meat and dairy production that are applicable to all employees in the respective branch (EFFAT 2006). Typically, the United Kingdom stands out in terms of collective bargaining coverage which is estimated to be less than 20 % in the food production sector⁷⁴ (see table 51, Annex 3).

9.3.2.3 Characteristics of the sector-level collective bargaining system

Considering the index-values for the countries under investigation, the following typology based on variables such as the predominant level of collective bargaining, the existence of a covert collective bargaining coordination mechanism in the form of pattern bargaining and the existence of both a peace obligation and the legal enforceability of collective agreements can be derived (see table 52, Annex 3). The typology aims at categorising countries according to their transnational responsiveness, i.e. the capacity of their collective bargaining systems for the cross-border coordination of collective bargaining policies.

In accordance with table 52 in Annex 3 the countries are grouped into three categories (see table 27). The first category comprises countries characterised by industrial relationship structures where collective bargaining takes place predominantly on the sector level or exclusively on the company level as in the United Kingdom. It has to be noted that *Ireland* is

sector of sugar production (see Glassner 2008a). It can be inferred that collective bargaining coverage in the food production sector reaches levels comparable with the manufacturing industry as such. This may be due to the fact that food production has been subject to public policy intervention and regulation not only on the level of the EU but also on the level of nation states.

⁷⁴ Due to the lack of sector-specific data, UK collective bargaining coverage is estimated on the basis of collective bargaining coverage in the entire manufacturing sector (cf. Grainger and Growther 2007).

the only exception with regard to the collective bargaining *level* since in this country negotiations are taking place *to a similar extent* on both the inter-industry and the company level. The operationalisation procedure of averaging values for collective bargaining levels results in an impreciseness in order to categorise Ireland with regard to the *predominant collective bargaining level* as a special case that is distinguishable from the other countries summarised in the first category. In the countries subsumed in category 1, a medium-range degree of centralisation, i.e. a predominance of sectoral collective bargaining, is combined with a *low* degree of *vertical* and *horizontal governability* that ensures the coordination of collective bargaining results between sectors/employee groups and compliance of lower-rank members with collective agreements negotiated by trade union organisations (see section 5.1.2). The existence of *pattern bargaining* in the form of the leading role of a particular sector in wage-formation which sets the guideline for other sectors (see section 1.5.3.1) is absent in all of these countries and additionally, both institutional prerequisites which guarantee vertical governability are lacking. Thus, the integral part of a highly responsive collective bargaining system is clearly missing in all countries summarised in the first category.

The second category covers countries which do not systematically differ from the countries summarised in the first category with regard to the *level* of collective bargaining. In all countries under consideration the sector is the focal point for collective bargaining activities by the social partners. Denmark may represent a special case insofar as national-level multi-employer *wage* agreements cover workers in various sectors such as manufacturing (including the food production sector), the service industry and telecommunications. In contrast to the countries subsumed under the first category, both a peace obligation of collective agreements and their legal enforceability are enshrined in the collective bargaining systems in the countries of the second category. Thus, the vertical dimension of collective bargaining coordination is accounted for (see sections 5.1.2 and 1.5.2.4.3).

Although covered within one category, there are gradual differences between national systems of collective bargaining coordination. Leaving aside countries being classified as exhibiting a low degree of responsiveness due to the lack of institutional preconditions for high vertical coordination, the differences between collective bargaining systems classified as being characterised by a high extent of formal responsiveness will be analysed in more detailed. The collective bargaining systems of Finland and the Netherlands are typically classified as highly responsive (Traxler 2000 and 2002). In both countries *state sponsored* coordination (cf. section 5.1.2) in the form of tripartite bargaining whereby state actors (i.e. the government) directly participate in peak-level bargaining without authoritatively imposing an agreement is in existence (Traxler 2002). In contrast to state-sponsored coordination, the *authoritative*

coordination pattern whereby state agencies impose a wage rate on peak-level unions and employers' organisations which is *binding* for lower-level bargaining units, is too rigid to ensure an effective coordination on the macroeconomic level. Although in both countries sector-level agreements are existing in the food production sector, authoritative coordination plays an important role in the process of wage-setting in Belgium and France (Traxler 2003). With regard to Denmark and Greece the classification is less clear-cut. Denmark's system of collective bargaining is categorised by state-sponsored coordination mechanism whereby mediation and conciliation plays an important role in the process of wage-formation on the industry-level. Less information is available on collective bargaining in the Greek food industry. On the national level, collective agreements are negotiated on inter-industry, industry and company level whereby sectoral collective bargaining is predominant (EC 2006). However, since the country did not report to the collective bargaining coordination system on the European level organised by EFFAT, information can be obtained only from empirical evidence gained by means of interviews with collective bargaining experts who however claim not to have direct insight in sector-related collective bargaining in the country. Thus, it can be assumed that collective bargaining in the Greek food industry is in line with the general finding insofar as there are a few collective agreements (both on sector and company level) existing in this sector.

Tab. 27 – Typology collective bargaining system food production sector

Index sum:	Type of collective bargaining system	Countries (index sum)
0-1	Low responsiveness of the collective bargaining system: lack of institutional prerequisites to ensure vertical co-ordination	United Kingdom(0), BE(1), ES(1), FR(1), IR(1), IT(1), PT(1)
2-3	High formal responsiveness of collective bargaining system: supportive legal prerequisites to ensure vertical co-ordination	DK(2), FI(2), GR(2), NL(2), SW(2)
<= 4	Highly responsive systems dominated by pattern bargaining	AT(4), DE(4)

Source: Table 52, Annex 3

9.3.2.4 Density of the sector-related trade unions

In all countries under consideration trade union density rates in the food production sector are lower than aggregated density for the manufacturing sector as such (see table 53, Annex 3). It has to be noted that only in the case of Belgium domain densities are considered since estimates on sector densities according to membership data in Ebbinghaus and Visser (2000) which have been referred to the number of dependently employed workers in the food production industry (Eurostat 2008d) seemed to be much too high, i.e. around 70 %. Cross-checking estimates on union density by empirical evidence found in expert interviews (Interview EFFAT 2007) supports density rates which are lower in the food production sector than in manufacturing in general. The recourse to domain density is not burdened with major problems of bias since it is based on two representative organisations (i.e. CSC alimentation et services/ACV voeding en diensten and Horval) the domains of which are relatively narrowly delineated whereby the majority of members are employed in the food production and agriculture sectors. The estimate on the domain union density in the Belgian food industry may imply a down-ward bias since the density of unions for which data was available is lower in sectors such as horeca and agriculture. For countries with multi-union systems the aggregate sector density (see table 28) is based on an average *weighted* by the membership shares of the respective organisations in the total of members of sector-related unions for which data was available, i.e. the Netherlands, France, Portugal and Italy.

Tab. 28 – Density of sector-related unions – food production sector

Density rates	(aggregate ^a) domain density	(aggregate ^a) sector density
< 25		PT (5 %), United Kingdom (6 %), FR (7 %), ES (8 %) NL (13 %), IT (18 %), DE (23 %)
< 50	BE ^b (47 %)	AT (31 %), DK (49 %)
51-69		FI (65 %)
> 70		SW (72 %)

^a in case of multi-union systems a weighted average based on the union's share of members in the total of members of sector-related trade unions;

^b In order to pursue a conservative approach to density estimates, only in the case of Belgium the *domain* density is considered since estimates based on the sector density (Ebbinghaus/Visser 2000) did not seem to be plausible when related to the number of employees in the food production sector according to Eurostat annual enterprise statistics for 1998;

Source: Table 53, Annex 3

Table 28 shows that almost two-thirds of the countries considered are summarised in the first category where union density in the food production sector is lower than 25 %. One fourth of the countries considered are categorised as exhibiting a sector-related union density between 25 and 50 % whereas only in the two Nordic countries union densities in the food production sector are above 50 % (i.e. in Finland) and above 70 % (i.e. Sweden). Compared to *national aggregate* figures (EC 2004, Marginson and Traxler 2005) union density in the food industry is particularly low in Portugal (aggregate net union density of 24 % in 2001), the United Kingdom (30.7 %), the Netherlands (22.5 %), Italy (34.8 %) and Denmark (73.8 %).

9.3.3 The food sectors' decentralised approach: Union-led networks for information exchange on collective bargaining issues

Within EFFAT, two levels of collective bargaining policy coordination are co-existing. First, like all EIF, EFFAT's engagement in Europe-wide collective bargaining coordination is based on a respective policy statement. However, the formal declaration to carry out coordination initiatives has not had notable effects on the practice of cross-border coordination. Second, 'network meetings' are held within the seven sub-sectors of EFFAT, i.e. brewery, bakers, dairy, meat, sugar, hotels and tobacco. Within these meetings, collective bargaining is though only one item on the agenda that often is not of priority. The meat sector is considered as one of the most active sectors with regard to bargaining coordination. The most important coordination activity is the exchange of collective bargaining information among member organisations in the sub-branches. On the European peak-level, EFFAT collects collective bargaining data for all sub-branches which is made accessible for members. Although there exists a network of correspondents – however only one representative per country – the bargaining expert from EFFAT states that 'we are not in a position to coordinate anything in collective bargaining' (Interview EFFAT 2007). Thus, coordination activities are exclusively limited to the exchange of information. This rather restricted approach to collective bargaining coordination is justified by the lack of interest expressed by national member organisations. However, even inter-union coordination initiatives take place without full surveillance of the sector's EIF and are thus in some cases not embedded in the organisational framework of EFFAT. Collective bargaining coordination is not addressed on a regular basis. Rather, coordination structures in the food sector are ad-hoc and informal. Topics of transnational interest such as migration which is of particular importance in the agriculture, meat and tourism sectors are tackled in an issue-per-issue approach. Also, EFFAT has established a database that provides information on collective agreements in the member states for the seven sub-branches pertaining to the EIF's organisational domain. However, in this database

information is merely gathered ex-post. This contrasts to the more inter-active reporting systems in the metal and the chemical sector that provide for more recent and day-to-day information. Consequently, the utility of the collective bargaining database in the food industry is assessed as low by national member organisations.

9.3.4 European Social Dialogue in the Sugar Sector

Within the organisational domain of EFFAT three social dialogue committees, i.e. for agriculture, sugar and hotels/restaurants/catering ('horeca') have been established in 1999. However, social dialogue on the European level started earlier in all of these sectors with the establishment of informal working groups or informal committees⁷⁵. The qualitative analysis is restricted to the sugar sector since it shares more communalities with the food industry as such as with the agricultural and horeca sectors. Despite the similarity that both the agricultural and the sugar sector have been subject to market intervention by the Community in terms of production quota and common price-setting mechanisms, the agricultural sector can be clearly separated from the manufacturing sector that comprises the production of food, foodstuffs including sugar. The same argument is employed for horeca which is part of the service sector.

Due to market regulation, the competitive situation of companies in the sugar sector has been comparably favourable in the past. The generally high profits have been shifted over into wage increases that were above the average pay rates in the food industry (Interview EFFAT 2007). This situation changed with the restructuring and re-organisation of the sugar sector that resulted in closures of unprofitable sugar production plants. For instance, in Latvia and Slovenia, the last remaining companies have been closed in spring 2007 (Glassner 2008a). Coping with the consequences of job reductions and company closures is thus one of the most important issues in European social dialogue in the sugar industry. For employers entering into social dialogue on the European level⁷⁶ has been strongly motivated by their

⁷⁵ The agricultural sector has a long tradition of social dialogue on the European level. This sector has been subject to the common agricultural policy from the onset of the Community. European social dialogue on a rather informal basis dates back to the 1950s, and in 1974 the first 'joint commission' has been set up. Likewise, in the sugar sector an informal working group has been established as early as 1969. In the horeca sector, an informal working group has been established in 1983.

⁷⁶ Employers from the sugar sector are represented by CEFS – The European Committee of Sugar Manufacturers in the sector dialogue committee.

perception of social dialogue as a tool to demonstrate their commitment with regard to social responsibility vis-à-vis the European institutions (Interview EFFAT 2007). Besides, the European social dialogue is considered as a forum to address market-related issues such as the opening of the market for workers from Third Countries or other, more technical topics, e.g. rules for preferential origin.

Restructuring is considered as the most controversial topic by the sugar sector's social partners. The issue of corporate social responsibility (CSR) has been addressed repeatedly and systematically. In terms of the typology of produced texts on social corporate responsibility a gradual evolution can be observed. Social partners prepared the ground for the topic with their joint declaration on social responsibility in 2001. Two years later this was followed by a code of conduct and a brochure (2004) on CSR and Social dialogue in the sugar sector. Moreover, the European social partners agreed on follow-up procedures and issued the 'Third Implementation Report on CSR' in 2006. However, the implementation of joint texts is regarded as one of the most difficult aspects of European social dialogue. Due to their limited bindingness, joint texts produced in the European social dialogue have no direct impact on EFFAT's member organisations. The implementation on the side of the employers is even more difficult. Other topics that are of relevance in European social dialogue are training and health and safety whereas more controversial topics are not addressed within this framework. As in other sectors, the provision of information services for member organisations is considered as an important function of European social dialogues. The setting-up of a webpage for the sugar industry (2004) providing information on European policy measures and access to structural funds in the sugar industry underlines the service-orientation of EFFAT in order to ensure legitimacy of European social dialogue among its national members. Although the perspectives of the sugar sector's dialogue are not perceived as bleak as in other sectors, e.g. banking, construction (see sections 9.6.4 and 9.5.4), it is not expected that European social dialogue will develop into a forum for the conclusion of binding agreements (interview EFFAT 2007).

9.3.4.1 Informal European social dialogue in the food sectors

Despite the inexistence of a formal dialogue committee for the food industry, 'informal' European dialogue takes place in several sub-branches of the sector. Social partners in the meat sector, the largest single-product sub-sector of the entire food industry, are particularly active in this regard. EFFAT and the respective employers' association, CLITRAVI, signed a joint declaration on the sustainability and quality of jobs and the banishment of illegal employment practices (Interview EFFAT 2007). The social partner organisation's proposal of a

certification system for temporary work agencies and self-employed workers constitutes a rather concrete measure to improve working conditions of precariously employed groups of the workforce. Trade unionists regard this declaration as a first and decisive step towards more commitment by the meat industry's employers. However, the internal dispersions within CLITRAVI – in particular with their German member organisation – are perceived as critical factors that might inhibit future cooperation. The recentness of the relationships of mutual cooperation between both sides of the industry and the – so far – limited amount of joint results do not allow definite conclusions on future prospects of the in-official social dialogue in the meat processing sector. It is however undisputed that the conclusion of further 'agreements' will increase the commitment of both social partner organisations and will thus contribute to the development of stable, high-trust relationships between the organisations of both sides of the industry.

As far as the perspectives for the establishment of a 'formal' sector committee for the entire food industry is concerned, this option does not to be very probable in the near future. The heterogeneity of the food industry is reflected by the outstandingly high number of European-level interest organisations. The industry's European peak-level organisation CIAA organises approximately one third of the totality of food industry-related interest associations, i.e. 30 European sector organisations in 2008. However, CIAA does not have a social policy mandate. Since it is primarily concerned with product market issues it is a business association rather than an employer organisation that fulfills the Commission's criteria to qualify as a European social partner organisation. Also, the dual structure of both associational members and member companies – many of them multinationals – complicates intra-organisational decision-making and mandating procedures. In accordance with Business Europe's opposition against the conclusion of joint agreements with a European scope, CIAA and its members are not willing to establish formal dialogue structures on the European sector level. Even with the support of the European Commission, that is considered to be in favor of a social dialogue in the food industry, the chances for the establishment of a sectoral dialogue committee are minimal.

9.3.4 Trade union actors' perceptions in the food sector

9.3.4.1 Trade union actors' perceptions with regard to union-led cross-border coordination initiatives

National differences with regard to industrial relationship structures and collective bargaining practices are perceived as the main obstacle to cross-border collective bargaining

coordination initiatives. The heterogeneity of the food industry as described in the sections above is not limited to the employers' side of the industry. Correspondingly, the number of trade unions and thus the degree of fragmentation of the associational system of labour representation is higher than in other industries of the manufacturing sector (see table 41, Annex 3). Besides structural conditions also actor-specific factors play for the cross-border coordination of collective bargaining policies. According to trade union representatives of the European peak-organisation, a general North-South divide with regard to the reporting and providing accurate collective bargaining information on a regular basis can be observed. The trade unions for the United Kingdom from some of the central and eastern European countries, e.g. the Baltic countries, Romania and Bulgaria as well as Hungary, have previously not provided information and are therefore not considered in EFFAT's report on collective bargaining in Europe (EFFAT 2006). Typically, in these countries collective bargaining takes place on the company-level. This clearly hampers collective bargaining coordination – even more so on the transnational level.

The coordination of collective bargaining policies across borders is still in an incipient stage. By the involved actors it is perceived as a 'learning experience' rather than as an established practice. This is particularly true in the food industry, where transnational coordination activities started relatively late compared with other industries of the manufacturing sector. Despite the particularities of the food industry, EFFAT has established some form of information exchange with other sectors such as the chemical and the metal industries, and the textile sector (Interview EFFAT 2007). Since the system for the exchange of collective bargaining information in the food sector is not assessed as very effective by both the EIF and its national affiliates, EFFAT considers coordination structures and instruments adopted in other sectors, in particular those sectors integrated in the Eucob@n system (i.e. metal, chemicals and textiles) in its attempt to improve their own system. However, despite EFFAT's general openness concerning a possible participation in existing inter-sectoral coordination arrangements such as the Eucob@n network, it remains to be seen if an industry that differs to a comparably large extent from other sectors such as the metal and the chemical industry in terms of economic and institutional structures can be integrated in such a system. Besides, from a political point of view it is questionable that further efforts of the cross-industry integration of EFFAT's collective bargaining coordination activities are supported by national member organisations some of which are quite critical vis-à-vis cross-border coordination.

9.3.4.2 Trade union actors' perceptions with regard to central and de-central coordination approaches

Both central coordination in the form of European sectoral social dialogues and de-central collective bargaining coordination initiatives between trade unions from different countries have so far been regarded as mutually complementary. However, the future relationship of both instruments of collective bargaining policy coordination depends on the position of the Commission to further promote transnational company agreements (Interview EFFAT 2007). From the trade union's point of view, these transnational company agreements are regarded rather sceptical due to their lack of legal bindingness. Moreover, the material content of these agreements is often the outcome of a compromise on the level of the 'smallest common denominator' (Interview EFFAT 2007). Within the currently existing European system of industrial relations, transnational company agreements are neither integrated into national systems of labour law and collective bargaining nor is there a proper transnational legal framework existing which provides the bargaining parties with clear rights and obligations as well as efficient enforcement mechanisms (Keune and Warneck 2006, Ales et al. 2006). A more competitive relationship between joint agreements negotiated by the EIF within the framework of European social dialogue and transnational company agreements may arise if both maintain their largely voluntary nature. To the present point of time the potential for reaching a more binding result is larger with regard to joint texts concluded in the European social dialogue (Interview EFFAT 2007). This however presupposes that the social partner agreement is implemented by Council decision, e.g. such as in the case of the European diver's licence (2004).

In general, the importance of both central and de-central forms of transnational collective bargaining policy coordination is undisputed among trade union representatives of the European and the national level. Pressing issues that affect the food industry in all of the member countries such as the increased mobility of workers can not be tackled on the national level alone. Both cross-border trade union coordination initiatives and European social dialogue represent a potentially powerful platform for pressurising employers in order to ban illegal employment practices and to initiate campaigns with other social actors such as non-governmental and consumer organisations. Most importantly, in the food industry which is characterised by a more ad-hoc and informal approach to transnational collective bargaining, coordination has to 'remain practical and pragmatic' (Interview EFFAT 2007).

9.4 Telecommunications Sector

9.4.1 Economic Background

Since the early 1980s the western European telecommunications sector has undergone major restructuring in the wake of the privatisation of state-owned companies and the opening up to market to competition. Furthermore, technological change such as the expansion of internet services, data transmission and mobile data services brought about a fundamental transformation of the sector and increased the demand for high-skilled labour force. Technological progress has been accompanied by changes with regard to the composition of the sector's labour force. The share of professional and highly educated staff in the total labour force increased as fields as communication and information technologies, electronic engineering as well as market-related services such as marketing and finance gained in importance for the provision of telecom services (EC 2005b). Throughout Europe, around 96 % of dependently employed persons in the sector have employee status (EC 2005b).

The liberalisation of the European telecom sector resulted in the creation of new jobs in the vast majority of member countries. Employment in the European telecommunications sector increased strongest in Slovenia, i.e. by more than 180 % between 1995 and 2005, Luxembourg where employment more than doubled in the period from 1995 to 2002, and Denmark where employment grew by almost 60 % between 1993 and 2004 (Traxler 2007c). Decreases in employment have been reported for Romania (around – 40 % between 1993 and 2004), Slovakia (approximately – 30 % between 1996 and 2005), the Czech Republic (- 14 % between 1995 and 2000) and – to a lesser extent – for Germany (- 11 % between 1995 and 2003). Figures on the number of *employees* in the sector, i.e. excluding self-employed, agency workers and those employed on contracts other than standard employment contracts, show a similar development as for total employment, thus suggesting that *standard* forms of *employment* are predominant in the telecom sector (EC 2005b). The comparably pronounced congruence of total employment and the number of employees in the sector implies the predominance of *large companies*, in many cases of the former state monopolist, in terms of employment and market share. However, the generally steep increase of the number of companies in the sector between the early 1990s and the mid-2000s underscores the dynamic development with regard to new market entrants, mostly small companies providing internet services (Traxler 2007c, EC 2005b).

The regulatory process in the European telecom sector dates back to a first phase of community policy aiming at the restructuring and the partly liberalisation of the sector. The establishment of a common telecommunications market as incorporated in the broader political framework of the Maastricht Treaty (1993) required the progressive removal of barriers to pan-European operation, service provision and equipment supply across the EU. Two sets of instruments have been applied in order to liberalise the EU telecommunications market. First, the adoption of directives aiming at the liberalisation of the sector, initiated by the *1990 Framework Directive* establishing the principle of Open Network Provision, i.e. open access to publicly available telecommunications networks and services, and thus providing a basis for further harmonisation directives and recommendations. The path towards further liberalisation has been laid out in the Commission's Green Paper on liberalisation of infrastructure (1995), resulting in the adoption of the so-called '1998 package' of legislation measures for the opening of the EU telecoms market on 1 January 1998. Second, competition rules have been formalised in 'Guidelines' within the '1998 package' on the application of EC competition law in the telecoms sector. These guidelines mainly address the issue of new entrant operators' access to incumbent's networks in order to reach end-users.

Whereas the 'old' legislative framework of the '1998 package' aimed at regulating the transition from monopoly to competition in the telecom sector, the 'new regulatory framework' is more strongly aimed at modernising and increasing competitiveness of the European telecommunications sector. In this respect, the Commission proposed in its Communication of the 1999 Review of the Electronic Communications Sector and the principles and orientations for the new Regulatory Framework' (COM(2000)239) a package of measures for a new regulatory framework for electronic communications networks and services laid out in the respective directive (2002/21/EC). Besides this directive, the regulatory framework consists of four other specific directives under Article 95 aiming at the regulation of issues such as access to and authorisation of networks, consumers' and users' rights and data protection⁷⁷. In addition, one Commission Directive to be adopted under Article 86, i.e. Directive on Competition in the markets for electronic communications services (2002/77/EC), complements the legislative framework for the liberalisation of the European telecommunications sector.

⁷⁷ Directive 2002/20/EC on the authorisation of electronic communications networks and services (Authorisation Directive), Directive 2002/19/EC on access to, and interconnection of, electronic communications networks and associated facilities (Access Directive), Directive 2002/22/EC on universal service and users' rights relating to electronic communications networks and services (Universal Service Directive) and Directive 97/66/EC of concerning the processing of personal data and the protection of privacy in the telecommunications sector.

9.4.2 The National Systems of Industrial relations in the Telecom Sector

In the following sections, the national systems of industrial relations in the telecommunications sector will be analysed with regard to the institutional features identified in section 5.1. The relevant 'sector-related' trade union organisations are defined as such organisations the domain of which is related to telecommunications activities as defined by NACE class 64.20, with the exception of cable TV and radio activities. Identifying the sectoral domain is of relevance with regard to measuring the degree of domain concentration/fragmentation of the union system and the density of sector-related trade unions. The domain of sector-related union organisations is related in one of four possible ways to the telecom sector, i.e. sectionalism, overlap, sectional overlap or congruence (cf. section 9.1.2). The study on the representativeness of social partners in the telecommunications sector (Traxler 2007c) provides criteria and concepts for the identification and classification of sector-related employee organisations. Combining both a top-down and a bottom-up procedure to identify relevant organisations, the representativeness study aims at giving a complete picture of employee interest organisation in the sector. A top-down screening of national social partner organisations is achieved by referring to the national associations' affiliation/s to European social partner organisations. Conversely, considering those national associations involved in collective bargaining and their affiliation to any sector-related European association represents a bottom-up screening of the European associations.

9.4.2.1 Representative domain concentration/fragmentation of the union system

The degree of domain fragmentation of the sectoral union system determines trade union action on both the national and the transnational levels. As hypothesised in section 4.1.6, cross-border coordination activities in collective bargaining are directly influenced by the national configuration of inter-union power relationships. The degree of fragmentation/centralisation of the trade union system is referred to as the overriding factor that determines inter-union relationships of power and action. In order to measure the extent of domain fragmentation an index that incorporates two variables: First, the number of trade union organisations represents a quantitative measure of domain fragmentation, and secondly, the existence of domain overlaps between the sector-related trade unions. Inter-union domain overlap arises if the organisational domain of a union overlaps with the domain of *all* the other unions (Traxler 2007c).

The index of domain fragmentation allows for the differentiation between *single-* and *multi-union* systems. Furthermore, it is a measure for *inter-union competition* with regard to

organising and recruiting member or with regard to the entitlement to collective bargaining. Table 29 summarises the classification of the countries under consideration according to their trade union systems in the telecom sector.

Tab. 29 – Typology trade union system telecommunications sector

Index sum:	Type of trade union system	Countries (index sum)
0 – 1 points : low degree of fragmentation	Category 1: Single union system, 'Quasi'-Single union system	BE (0), GR (0)
2 – 4 points: medium-level degree of fragmentation	Category 2: Functional diversity and moderate union competition	AT (2), UK (2), FI (4), IR (4), IT (4)
> 5 points: high degree of fragmentation	Category 3: Political/religious/territorial cleavages and high degree of union competition	DK (5), DE (5), SE (5), FR (7), NL (7), ES (8), PT (15)

Source: Table 54, Annex 4

A single-union system exists only in the Greek telecommunications sector where OME-OTE, the Greek Telecom Employees' Federation, organises both blue and white-collar workers in the sector. However, there is no information available whether this organisation covers only workers in telecommunication companies, i.e. the formerly monopolist main provider OTE, or also in those workers in other sector-related companies such as internet service providers. In Belgium a number of different unions are organising workers in the telecom sector. Despite the high number of sector-related unions, the country's industrial relations system of the telecom sector is classified as a 'quasi-single' union system. Due to the narrow and differentiated membership domains of the unions no overlaps are arising between the domain of one of the unions with the domains of *all* other unions. The membership domains of the seven sector-related unions in Belgium are differentiated along sectoral lines, i.e. telecom and aviation sector workers organised by CGSP Telecom-Aviation or CSC Transcom-Telecoms which also organises workers in the transport sector. Furthermore, union domains are differentiated between the public and the private segment of the sector, i.e. CGSP Telecom-Aviation which exclusively organises public sector workers. On the level of peak-organisations, the Belgian telecom-sector unions are affiliated either to the socialist ABVV-FGTB, the christian CSC-ACV or the liberal ACLVB-CGSLB whereby all of those federations have separate organisations on the regional levels, i.e. Flanders and Wallonia. Furthermore, a domain differentiation along professional lines, i.e. SETCa which organises white-collar staff, technicians and managers, and more generally between blue and white-collar workers (i.e.

CNE-CSC and CSC-ACV both covering white-collar workers) is also a widespread organisational pattern among Belgian unions.

A medium level of union fragmentation can be observed in Austria, Finland, Ireland, Italy and the United Kingdom. In Austria and the United Kingdom two unions are reported to organise workers in the telecom sector. The Austrian GPA organises private sector employees whereby GPF - The Post and telecommunications workers' union covers both blue and white-collar workers with civil servant status. In some of the countries under consideration such as Austria, Belgium and France both public and private employment regulation applies in the telecom sector. This dual structure of employment relationships originates in the civil servant status of employees of the formerly public main telecom provider which maintained their status after the privatisation and restructuring of the incumbent companies. In the United Kingdom the domain of the Communication Workers Union – CWU is largely overlapping with that of CONNECT – Union for Professionals in Communications. In Finland, sectoral overlap is arising between the four sector-related unions the domains of which are differentiated along professional lines (i.e. YTN - Federation of Professional and Managerial Staff), blue- and white-collar workers (TU - Union of Salaried Employees) and sectors (i.e. the Metalworkers' Union and the Electrical Workers' Union). The predominant organisation pattern among Italian unions is overlap whereby unions organise workers in the entire telecom sector plus workers in one or more other sectors such as communication (SLC-CGIL, UILCOM-UIL, UGL-COM), information technology and entertainment (FISTEL-CGIL). In Ireland a union for private sector communications union (CWU) is co-existing with three public sector unions which organise blue and white-collar workers (i.e. CPSU, IMPACT) or executive staff (i.e. PSEU) in the telecom sector.

A high degree of union fragmentation can be observed in Denmark, Germany, Sweden, France, the Netherlands, Spain and, in particular, in Portugal. The membership domain of Danish unions is differentiated along occupational/qualification lines (i.e. AC-Tele, Lederforening en i TDC), and private sector blue- (i.e. National Union of Metalworkers, Danish Electricians' Union) and white-collar workers in general (HK Privat - Union of Commercial and Clerical Employees in Denmark).

The organisation pattern of all sector-related unions in France (cf. table 54, Annex 4) is classified as 'overlap'. Thus, unions organise workers in the entire telecom sector and in one or more other sectors such as communications in general (i.e. CGT-FO-COM), the postal sector (i.e. CGT-PTT, CFTC-PTT, SUD-PTT), and consulting and cultural workers (i.e. F3C-CFDT). With the exception of two union organisations (i.e. SUD-PTT and UNSA-Télécom), the telecom sector unions are affiliated to one of the five representative peak-federations, most of

them differentiated along political/ideological lines, i.e. the CGT with closed links to the communist movement, the republican CGT-FO, and the two christian federations CFDT and CFTC. The only federation with a membership domain based on occupation is CGC-CFE, organising professional and managerial staff. An even more differentiated, multi-dimensional organisation pattern along ideological/religious orientations, blue- and white-collar workers and public-private sector employees characterises employee organisation in the Netherlands. The multi-dimensionality of employee organisation results in a high degree of fragmentation of the union system. Thus, sectoral overlap is the predominant pattern of domain demarcation among telecom sector unions such as the FNV-affiliate AbvaKabo and the Christian CNV Publieke Zaak organising public sector employees, CNV Diensten organising private sector white-collar workers, or VPP organising professional staff. Trade union organisation in the Spanish and Portuguese telecom sector is highly fragmented. In Spain, a high number of unions organising employees in the telecom sector though only the sector-related affiliates of the two representative main confederations CC.OO and UGT (i.e. FCT CC.OO and FTCM-UGT) are equipped with collective bargaining rights. The same situation applies in Portugal where the number of sector-related trade unions is highest among the countries under consideration, and – among those unions for which information is available – only the affiliates of the two main peak-level organisations UGT (SINDETELCO) and CGTP (i.e. SINTTAV, SNTCT and STT) which are representative at the national level are participating in collective bargaining (see table 57, Annex 4).

Due to the comparably high degree of trade union fragmentation in the telecom sector, inter-union competition with regard to bargaining rights is reported to arise among unions in France, Germany, Portugal and Spain. In Austria, a country classified as being characterised by a medium extent of union fragmentation, a conflict arose in the wake of the liberalisation and restructuring of the telecom sector when the GPA which organises private sector white-collar workers entered the telecom sector. However, the conflict was settled by an agreement between the incumbent blue-collar telecom-sector union GPF and the newly entered GPA to jointly negotiate the sector-level collective agreement (Traxler 2007).

9.4.2.2 Extension Practice and collective bargaining coverage

Although legal provisions for the extension of collective agreements are existent in the majority of EU countries, it is the de facto practice of declaring collective agreements generally binding that is of interest with regard to the question of the Europeanisation of collective bargaining. This is due to the fact that the extension of collective agreements to *employers* which are not affiliated to the signatory party is the most important determinant of collective bargaining

coverage as postulated in hypothesis 9 (see section 4.1.9). The collective bargaining coverage rate again is the most relevant measure for the inclusiveness or exclusiveness of industrial relations and the labour market regime as such (Traxler et al. 2001).

In the telecom sector the extension of collective agreements is rather limited. Only in three countries, i.e. Belgium, Finland and France, sector-related agreements are declared as generally binding for all employers in the sector (cf. table 55, Annex 4). In two countries, i.e. Austria and Italy, functional equivalents that equally guarantee a high collective bargaining coverage are in function. In the case of Austria, the obligatory membership of employers in the Austrian Economic Chamber (WKÖ) results in a bargaining coverage of almost 100 % in the telecom sector. In Italy the constitution includes a provision according to that minimum conditions of employment must apply to all employees. In the five countries where extension practices are pervasive in the telecom sector or functional equivalents are provided for, collective bargaining coverage comes close to 100 % (i.e. in Austria, Belgium and France) or reaches considerably high levels around 90 % (i.e. Finland) or 80 % (i.e. Italy). Equally high level of bargaining coverage are reached in the Spanish (i.e. 97 %), Danish and Swedish telecom sector (i.e. both around 90 %). In the case of Spain this is due to the encompassing scope of the Telefónica agreement which covers around 97 % of employees in the entire telecom sector (see table 55, Annex 4). In Sweden and Denmark high level of collective bargaining coverage is the result of the high employer densities in the sector. For instance, the *sectoral* density rate of Dansk Industri (DI) is around 90 % in terms of employees. Likewise, in Sweden collective bargaining coverage is estimated to be around 90 % due to the centralised enterprise structure in the telecom sector, with the largest share of employees being employed in companies with more than 50 employees. Since the propensity of large enterprises to join an employer association is higher compared to that of small companies, it can be assumed that collective bargaining coverage rate in terms of employees is higher than that in terms of companies.

The lowest collective bargaining coverage rate in the telecom sector is reported for Portugal where only 23 % of employees in the sector are covered by collective agreements. This is due to the fact that collective bargaining is exclusively carried out in the form single-employer or individual bargaining extension practice is absent the sector. The same situation applies to the United Kingdom, where neither multi-employer bargaining nor legal extension mechanisms are existing, and the coverage rate in the telecom sector is only slightly higher, i.e. around 39 %, as that in the Portuguese telecom sector. No data on collective bargaining coverage in the telecom sector is available for Germany, Greece, Ireland and the Netherlands (Traxler 2007c). The generally very moderate practice of extending collective agreements in the telecom sector

in the countries under consideration is due to the prevalence of single-employer bargaining, carried out most frequently by the former monopoly service provider. According to legal extension rules in the countries under consideration, single-employer collective agreements negotiated by the main supplier of telecom services are per definition not extendable to other companies in the sector as they are not concluded by a collective bargaining agent, i.e. a representative employer organisation equipped with collective bargaining rights. Apart from that, it may be possible that other companies in the sector consider the collective agreement concluded by the main provider as a 'guideline' for their own bargaining. However, such 'implicit' or 'latent' mechanisms of coordination are not the object of this study.

9.4.2.3 Characteristics of the sector-level collective bargaining system

The table below (table 30) provides for a classification of the collective bargaining systems in the countries under consideration with regard to their capacity for the cross-border coordination of collective bargaining, or, the degree of the systems' responsiveness (see sections 5.1.2 and 5.1.2.1). The classificatory scheme is based on three principal characteristics that ensure an effective coordination of collective bargaining policies across countries. These three dimensions of collective bargaining capacity are reflected in the value of the index sum and comprise the following indicators: First, the predominant level/s where collective agreements are negotiated; second, the existence of the coordination mechanism of pattern bargaining; and third, the provision of both a peace obligation for collective agreements in force and the legal enforceability of collective agreements.

All countries where the two legal pre-requisites which ensure a high degree of vertical coordination of collective bargaining, i.e. the compliance of lower-level constituencies and the rank-and-file of the signatory parties to agreements negotiated at the sector and/or inter-sectoral level (see section 5.1.2), are lacking, such as in Belgium, Spain, France, Ireland, Italy, Portugal and the United Kingdom, are summarised in category 1 (see table 30). The only exceptions are Germany and the Netherlands, two countries which are usually considered as disposing of highly responsive collective bargaining systems due to the existence of the two legal guarantees which ensure an effective coordination of collective bargaining on the vertical dimension (Traxler 2002).

In contrast to the general pattern of collective bargaining, no sectoral multi-employer bargaining is existent in the German telecommunication sector. Rather, collective bargaining is carried out exclusively or predominantly on company-level. The same situation applies for the

Netherlands where no sector-related collective agreement is in force, and the majority of collective agreements are concluded at company-level. Although it is hypothesised (cf. section 3.7) that collective bargaining within a multi-employer bargaining system is a necessary precondition for the coordination of collective bargaining on the national – and consequently on the international – scope, the high extent of formal de-centralisation of collective bargaining in the German and Dutch telecom sector has generally not to be considered as a hindrance for the cross-border coordination of collective bargaining. This is due to the fact that in the telecom sector the principal bargaining agent on the employers' side is the former monopolist service provider. Thus, although single-employer bargaining is predominant, a large part of the labour force in the telecom sector is covered by the agreement concluded by the formerly public main provider. The same holds true for the cases of Spain and Greece where no multi-employer bargaining is existent in the telecom sector, and collective bargaining takes place exclusively or pre-dominantly on company level. The case of Portugal stands out in this respect to a certain extent since there a central agreement on the national-level that is also applied in the telecom sector is reported to be existent. However, as company-level bargaining is predominant, and the collective bargaining coverage rate in the sector is low, i.e. 23 % (see table 55, Annex 4), the country's collective bargaining system in the telecom sector is classified as de-centralised.

However, the coverage of workers employed in the mostly smaller and newly established companies by collective agreements is rather fragmented. This gives rise to the polarisation of collective bargaining between the segment of labour force employed at the former monopoly supplier which is covered by collective agreement and those employed in the liberalised segment of the market, i.e. in the often newly established service providers, where collective bargaining is limited or non-existing (see section above). With regard to the *transnational* coordination of collective bargaining policies a corresponding polarisation between one segment of the telecom sector where an effective cross-border coordination level is feasible, and another segment which has to remain uncoordinated transnationally due to its deficient coordination capacity on the national level, can be inferred.

Tab. 30 – Typology collective bargaining system telecommunications sector

Index sum:	Type of collective bargaining system	Countries (index sum)
0-1	Low responsive collective bargaining systems: lack of institutional prerequisites to ensure vertical co-ordination	United Kingdom(0), GR (0), DE (0), ES (0), NL (0), PT (0), IR (1), IT (1), BE (1.5), FR (1.5)
2-3	High formal responsiveness of collective bargaining system: supportive legal prerequisites to ensure vertical co-ordination	DK (2), SE (2), FI (3)
<= 4	Highly responsive systems dominated by pattern bargaining	AT(4)

Source: see Table 56, Annex 4

Collective bargaining systems in the Italian and Irish telecom sector exhibit a medium level of centralisation. In the case of Ireland, a national-level central agreement also covering the telecom sector is complemented by agreements on the company-level whereas in Italy an encompassing sectoral agreement is in force. In Belgium both industry-level collective bargaining as well as multi-employer bargaining on the cross-industry level is existent in the telecom sector. In France centralised bargaining covering the public sector as a whole covers those telecommunication sector's employees still employed under public law terms. This refers to the majority of employees in France Telecom who have civil servant status.

Collective bargaining systems in the telecom sectors of the countries summarised in category 2 feature a high degree of formal responsiveness due to the co-existence of the two legal mechanisms that ensure a high vertical co-ordination capacity, i.e. a peace obligation of collective agreements and their legal enforceability. The difference with regard to the index value among the three Nordic countries though derives from slight variation with regard to the level of collective bargaining in the sector. In Sweden and Denmark multi-employer bargaining on the sector-level is prevailing. For instance, the major telecom companies in Denmark are members of Dansk Industri (DI), the country's principal inter-sectoral employers' association carrying out collective bargaining. In Finland, a number of sector-related agreements are in force though their scope goes beyond the telecom sector and includes industries such as information technologies.

Austria is the only country that is categorised as being characterised by a high *de facto* responsiveness of its collective bargaining system. There are three factors accounting for the high coordination capacity of the country's collective bargaining system (see section 5.1.2.1). Two fundamental *country-specific* features of the collective bargaining system, i.e. pattern bargaining as the most relevant mechanism for the coordination of collective bargaining and second, the co-existence of a peace obligation for collective agreements in force and their legal enforceability, guarantee the effective coordination of collective bargaining on both the horizontal and the vertical dimension (cf. section 5.1.2). The relevance of pattern bargaining as a mechanism for the coordination of collective bargaining on the *transnational* level has been set out elsewhere (cf. section 1.5.3.1). Furthermore, with industry-level bargaining prevailing, the bargaining level as a *sector-specific* characteristic is sufficiently centralised to ensure an intra-sectoral coordination of collective bargaining *across countries*. It has however to be noted that Germany, the other country where pattern bargaining is the most important coordination mechanism, is better suited to take a lead in cross-border collective bargaining coordination initiatives simply due to its size and economic importance within the EU. Thus, the classification of collective bargaining structures in the telecom sector derives from the comparably high degree of de-centralisation of collective bargaining in this sector and has therefore to be regarded with some caution.

9.4.2.4 Density of the sector-related trade unions

In general sector-density is the more appropriate measure of the organisations' membership strength than domain density. However, due to the lack of recent data, membership figures of sector-related employee organisations have been derived from a study carried out by the University of Louvain in 1999 (IST 1999b). The authors of this study refer to membership figures with regard to the entire organisational *domain* of the considered trade unions. Usually sector densities tend to be lower than those referring to the entire membership domain of the organisation (Traxler 2007c) with the partly exception of Austria and Denmark where sector density of some of the sector-related unions exceeds domain density. For some countries such as Italy and Denmark differences between domain and sector densities are rather minor. Furthermore, in the majority of cases, it can be assumed that unionisation in other domains such as communication or postal services does not largely deviate from that in the telecommunications sector (Traxler 2007c, Glassner 2008b). Data on both domain and sector density is lacking for Greece, Ireland and Sweden.

Tab. 31 – Density of sector-related unions – telecommunications sector

Density rates	(aggregate ^a) domain density	(aggregate ^a) sector density
< 25	NL (< 20), FR (~ 20-25 %),	PT (~ 8-13 %), IT (~10-15 %)
< 50	United Kingdom (~ 25-30 %), BE (~ 32 %),	
51-69	DE (~ 50-60 %), ES (57 %)	FI (~65-70 %),
> 70		DK (~ 80 %), AT (~ 70-85 %)

^a In case of multi-union systems, aggregate domain densities are estimated on the basis of unweighted averages of density rates of organisations for which data are available. For union systems characterised by a high degree of fragmentation (see Tab. 29) aggregate domain density is estimated on the basis of the most representative sector-related organisations for which data are available, as it is the case in the Netherlands and the United Kingdom.

^b In case of multi-union systems, aggregate sector densities are estimated on the basis of unweighted averages of density rates of organisations for which data are available. For union systems characterised by a high degree of fragmentation (see Tab. 29) aggregate sector density is estimated on the basis of the most representative sector-related organisations for which data are available, as it is the case in Portugal.

Source: see table 57, Annex 4

Trade union density in the telecom sector is largely polarised both between countries and – within countries – between the (formerly) public main provider and the companies founded after the liberalisation of the sector (see table 31). Furthermore, domain densities tend to be higher than sector densities in those countries for which data on both indicators is available. This implies that the telecom sector as such is usually not the stronghold of organisation of trade unions with overlapping or sectionally overlapping domains (Traxler 2007c). This is underscored by the finding that in four out of 11 countries for which data are available, aggregate density rates in the telecom sector are lower than 25 %. This is particularly striking in the case of Belgium and the Netherlands, where the aggregate *domain* density of sector-related union organisations is considerably lower than union density on the national aggregate level (i.e. 47 % in Belgium and 28 % in the Netherlands, see table 57, Annex 4). The low level of sector density rates in Portugal and Italy suggests that employee organisation was not particularly strong even in the former monopolistic main providers of telecommunication services. Contrastingly, aggregate domain densities are comparably high in France and Spain. It has however to be noted that data on domain density is available only for a small number of sector-related unions. In the case of Spain an upward bias of domain density may result from the fact that data is available only for the two most representative unions in the sector. In

Spain, unionisation is around 60 % in the main provider, i.e. Telefónica, a company that clearly dominates the telecom market in terms of employment and market share, whereas union density in the rest of the telecom sector is estimated to be around 20 % (Traxler 2007). Also in Germany, aggregate domain density clearly exceeds the rate of the national aggregate union density, i.e. 22 % (EC 2006). In Finland and Denmark aggregate sector densities correspond to the levels of national aggregate union densities. In Finland, sector density is below the national aggregate union density of around 76 % (EC 2006).

Union density in the telecom *sector* exceeds unionisation in both the *services* as well as in the *public* sector in general only in Spain. In Austria and – to a lesser extent – in Germany, the aggregate *sector* or *domain* density, respectively, of unions in the telecom sector is higher than that in the *services* and the *public* sector. The outstandingly high unionisation in the Austrian telecom sector originates from the dominance of the formerly main provider, Telekom Austria, with regard to employment in the sector and the high affiliation of employees to the incumbent sector-related union GPF (Post- and Telecommunications Workers' Union). In eight out of 11 countries for which data is available, domain (i.e. Austria, Germany, France and the United Kingdom) and/or sector density rates (i.e. Austria, Denmark, Finland, Spain) exceed unionisation in the *services* sector. However, when compared to union density in the *public sector*, unionisation in the telecom sector in terms of domain and/or sector density is weaker in the majority of countries under consideration, with the exceptions of Austria, Germany and Spain (see table 57, Annex 4).

9.4.3 The telecommunications sectors' MNC-level approach: 'MNC-alliances' as a means for the transnational organisation of employees' interests?

The transnational coordination strategy of UNI Europa Telecom, the recognised social partner organisation on the employees' side, clearly deviates from coordination initiatives in other sectors. The coordination of collective bargaining, which was not a prior goal in other UNI Europa sectors such as Finance and Property Services, is even less developed in the telecom branch of UNI. Three main areas of action of UNI Europa Telecom can be distinguished: First, social dialogue on the level of multinational companies, second, a network of collective action in individual companies, and third, issue-based and horizontal activities such as market regulation, outsourcing and off-shoring of telecommunication services. A focus of UNI Telecom is to become more representative in the companies affiliated to the network and in creating alliances between them (Interview UNI Telecommunications 2007).

In contrast to the finance sector however, European Works Councils (EWCs) do not play a major role within the company-based UNI Telecom network. This is due to the fact that union density in the sector's EWCs is rarely more than 25 %. Moreover, only a small number of EWCs – currently eight – is existing in the sector (Interview UNI Telecommunications 2007). This is particularly problematic in cases of mergers and takeovers when one of the companies does not dispose of a EWC. Another striking feature of UNI Telecom's approach to transnational policy coordination is the organisation's *global* focus of action. This derives from the strongly internationalised structure of telecommunication services market which is dominated by a small number of large former monopoly service providers, many of them employing between 150,000 and 200,000 employees. Coordination among these MNC is quite widespread and well developed. The high degree of internationalisation is also reflected in UNI Telecom's membership structure which includes a large number of members outside of Europe. This contrasts to market and organisation structures in other UNI sectors, for instance the graphical sector, where a clear distinction between the European and the international level can be made.

In the telecom sector, the 'transnational dimension' of collective bargaining becomes apparent. In this respect, it has to be distinguished between the 'classical' notion of collective bargaining as a competence clearly attributed to the national bargaining actors. Negotiations on the level of multinational companies are therefore considered as a distinct but related phenomenon to collective bargaining due to its distinctive character such as the limited scope of issues, i.e. work organisation, employment and work conditions, and training, that can be settled in company-negotiations (EC 2005a, EC 2008b) and the lacking legal base for such transnational company agreements. However, in a strongly internationalised market, the regulatory power of the European framework of industrial relations and the governing influence of the 'European social model' is surely limited and has to be put into perspective. UNI Telecom aims at concluding transnational agreements in cooperation with its national member organisations, for instance the agreement in Greek Telecoms (2002) which has been co-negotiated by the Greek affiliate OME-OTE, the far most representative employee organisation in the country's telecom sector. Other global agreements have been concluded with the Spanish Telefónica (2001) and Portugal Telecom (2006) on the reaffirmation of ILO conventions and core labour standards as well as union rights.

The activities of MNC-alliances are described as issue-based (Interview UNI Europa Telecommunications 2007). In general, alliances are a means to address union- and labour-related problems with the company in a decentralised fashion, wherever the company's or group's of companies headquarters is located. Cross-border action within MNC-alliances is

predominantly global due to international corporate integration of large telecom service providers. The most important topics with regard to transnational coordination of workers' interests are the organisation of labour force in MNC, strengthening employee organisation in call centres, the conclusion of Global Framework Agreements in MNC such as France Telecom, Portugal Telecom, or the ongoing negotiations in companies such as Deutsche Telekom, Telenor, British Telecom, the African-based communication services provider MTN or the Nordic operator TeliaSonera (Interview UNI Europa Telecommunications 2007).

Despite the existence of a collective bargaining database providing bargaining information for member organisations, the *coordination* of collective bargaining policies across countries is not a prior goal of UNI Telecom. It is not perceived as being feasible since business units – and thus working and employment conditions – of large telecom providers are highly differentiated, such as for instance telecom, internet services, and mobile communication services. Instead of 'classical' collective bargaining coordination, joint campaigning activities are initiated and coordinated by UNI Telecom on a global scope.

9.4.4 European Social Dialogue in the Telecommunications Sector

European social dialogue in the telecom sector was formalised comparably late. The joint committee on telecommunications was established in 1990, and was transformed into a social dialogue committee in 1999. The main driving force for the strengthening and institutionalisation of European social dialogue was the liberalisation of the telecom market. The regulation of competition and technical organisation of the telecom sector are the main incentives for the European social partner organisation of the employers' side, ETNO, to enter into dialogues with UNI Europa Telecommunications. Certain issues with regard to user and consumer rights, e.g. the protection of personal data, tariff transparency and dispute resolution, are more controversial (Interview UNI Europa Telecommunications 2007). Common interests between UNI Europa Telecom and ETNO, which mainly organises incumbent service providers, refer to training and the modernisation of work organisation, e.g. telework, the Commission's regulatory policy on issues such as user and consumer rights, and competition. The most recent results of European social dialogue have been achieved in the fields of health and safety, such as a study on musculoskeletal disorders and a code of conduct for the prevention of them, and in the area of corporate social responsibility, such as the adoption of 'good corporate practices in the telecom sector' promoting equal opportunities and diversity in telecom companies.

With regard to the implementation of the results of European social dialogue on the sector level, such as joint texts and positions as well as recommendations, a divergence of interests between UNI Europa Telecommunications and ETNO is notable. Whereas UNI Europa is strongly promoting follow up procedures for the implementation of guidelines (i.e. on telework and customer contact centres) in order to stronger oblige the employers to apply the rules, ETNO's position vis-à-vis monitoring and follow-up procedures is much more reserved and they prefer the purely voluntary implementation of joint texts.

9.4.5 Trade Union Actors' Perceptions in the Telecommunications Sector

According to trade union respondents, UNI Telecom's approach to the transnational coordination of collective bargaining policies is limited to the exchange of bargaining information. A more active approach to coordination is surely not supported by the majority of members and therefore a political decision of establishing and extending existing structures and activities for the transnational coordination of collective bargaining is not going to be taken in the near future (Interview UNI Europa Telecommunications 2007). Likewise, policy coordination within MNC-alliances is still in a very nascent stage and strongly determined by market structures such as the type of service, e.g. call centre operations, fixed line telephone service, internet services, which is provided in a certain regional area by the respective company. Cross-border initiatives via representation in MNC is considered as much more effective by UNI Telecom since it is 'closer to the members' and it is therefore 'much easier to establish a trustful and mutually sustainable relationships between union representatives and management' (Interview UNI Europa Telecommunications 2007). UNI Telecommunications pursues a de-central approach to promoting employment and working conditions in MNC by encouraging local and national unions to bring up issues and to take action which is then coordinated and supported by UNI Telecommunications on a transnational scope.

As far as interest constellations of UNI Telecommunications's member organisations is concerned, the German trade union ver.di (Unified Service Sector Union) has a leading role in shaping the policy approach of the European industry federation. This is mainly due to the fact that the Deutsche Telekom is one of the largest employers in the European telecom market. UNI Telecommunications's membership share is generally high in Europe in the segment of the formerly state-owned telecom sector. Thus, another factor conducive to the strength of the German member organisation is the large share of employees in the sector who are employed under civil service contracts and – as a result of this – the high unionisation rate in the sector. In general, it depends on the issue under consideration which national member organisation is taking the leading role and strongly pushing for transnational action. With respect to the issue

of regulation, the Danish and the British organisations as well as the German member union which are playing a particularly active role. On a global level the Japanese, US-American and Australian members have an increased interest in regulatory initiatives of the European Commission since they are operating in the European market.

9.4.5.1 Trade union actors' perceptions with regard to ESSD and union-led coordination approaches

In general, European social dialogue is perceived as an institution to strengthen mutual trust and understanding between the employers' and employees' side and is therefore assessed as having rather a normative, political function than being an instrument for the conclusion of substantive collective agreements on the European level. European social dialogue in the telecom sector is exclusively a forum for the deliberation of consensual topics, for spreading best practice and for providing an official and institutionalised framework for talks between the two sides of the industry. However, both European social partners of the employers' and the employees' side agree in preferring direct lobbying strategies to promote their interests with regard to Commission policies on legislation and regulation in the telecom sector. Against this interest constellation of organised labour and capital, the function of European sector dialogue becomes rather symbolic and has to be put into perspective with regard to the determination of working conditions in the European telecom sector.

Although cross-border initiatives on the basis of MNC representation are perceived as being much more effective and feasible by UNI Telecommunications, and major efforts in terms of resources and personnel are invested into this kind of activity, European social dialogue in the telecom sector is regarded as an important complement to global policy coordination. Thus, the relationship between issue-based MNC-based alliances and the policy goal of concluding Global Framework Agreements as UNI Telecom's core activities on the one hand, and European social dialogue on the sector level on the other hand, is not perceived as being competitive or mutually exclusive.

9.5 Construction Sector

9.5.1 Economic background

The construction sector exhibits a range of particularities. First, it ranks among the most labour intensive industries in Europe. 50 % of production costs are labour-related. The high share of labour cost in production cost put a strain on the labour factor by imposing strict requirements with regard to flexibility. Working time regulations, the timely framework for the completion of construction projects, seasonal, weekend and overtime work are all characterised by a high degree of flexibility. As a general trend, processes of outsourcing, sub-contracting and down-sizing have been widespread in labour intensive industries. For instance, in the Netherlands around 60 % of construction services have been carried out by sub-contractors and only 40 % by the main contractors in the year 2005 (Cremers 2008).

Thus, secondly, 'atypical' forms of employment such as self-employed persons and agency worker account for a comparably high percentage in the sector's total workforce. The diffusion of 'new' employment relationships is considered as a response of employers to increased competitive pressures ensuing from the completion of the European Single Market and the enlargement of the EU. Prior to the step-by-step implementation of the Common Market principle from the 1980s onwards, the construction sector was dominated by large national companies and an array of small and medium-sized supplier and sub-contracting firms. The company structure in the sector often resembled a 'quasi' or a 'factual' cartel of large building companies in a large number of member countries. The procurement of public building works has often been associated with illegal practices such as collusions with regard to pricing. Although the liberalisation of the market in the course of the implementation of the European Single Market contributed to the containment of such practices, the implementation of EU procurement rules such as the directive on public works contracts, public supply contracts and public service contracts (Directive 2004/18/EC) is still incomplete. Another factor for the rise of outsourcing and subcontracting is rooted in the heterogeneous production system that takes the form of a multiple chain of production. Thus, single tasks are often 'externalised' to specialised – and mostly smaller – firms or self-employed workers. However, this has not lead to the emergence of independent firms. The sub-contracting companies located at a lower level of the value chain are in a rather defensive position vis-à-vis the main contractors that are able to exert a considerable degree of market power (Cremers 2008). Although sub-contracting did not lead 'to a deterioration of working conditions, it certainly has resulted in a decrease of the direct social responsibility of the main contractor' (Cremers 2008, 6). The

problem is rooted in particular in the employment of unskilled labour force that has become an integral part of the employment strategy of lower level subcontracting firms. Thus, subcontracting often produces relationships between employer firm and worker that lay outside the legal framework of the regular labour market. It is of little surprise that these practices foster undeclared labour.

Third, labour mobility in the construction sector is outstandingly high (cf. section 7.1). Although labour mobility has always been high, the eastern enlargement had the strongest effect on labour relationships in the sector. It can be assumed that there exists a considerable number of unregistered employees due the reported incidence of illegal employment in the sector (Interview EFBBW 2007) and thus official figures understate the extent of migrant employment in constructions. Estimates on the share of migrant workers in western Europe given by labour representatives rank between 10 and 15 % (Interview EFBBW 2007).

Fourth, despite a wave of mergers and acquisitions since the 1990s (Cremers 2008, Interview EFBBW 2007) the construction and building sector is largely dominated by SME. Due to the factors described above, small and medium-sized construction companies have to face fierce competition. This often leads to the adoption of illegal practices. Hence, bogus employment and undeclared work is a widespread phenomenon in the European construction industry (Cremers and Janssen 2006) which has also been addressed by the European Commission (COM (2007).

Finally, the European construction sector is to a large extent subject to Community policies. The adoption of the posted workers directive (Directive 96/71/EC) is one of the most important sector-relevant regulatory initiatives of the Commission. The aforementioned EU regulation on public procurement procedures strongly affects the construction sector. Additionally, the building and construction sector is highly regulated on the level of the member states. In all member states a legal framework regulates employment and working conditions in the sector, in particular with regard to health and safety. Market regulation in terms of rules for the procurement by tenders, national building codes and rules on technical standards have since long been a common feature in the construction industries of the member countries. The degree of legislative harmonisation within the European building industry is supposed to be still relatively low (Interview EFBBW 2007).

9.5.2 The national systems of industrial relations in the construction sector

The aim of the following section is the categorisation of the national industrial relations systems in the construction sector with regard to the most important institutional variables, i.e. the degree of centralisation/fragmentation of the trade union system, the pertinence of extension of collective agreements, the level/s of collective bargaining and mechanisms of collective bargaining coordination, as well as the density of sector-related trade unions (see section 5.1). In order to define the economic activities that pertain to the construction sector, the delineation is comparably clear as it corresponds to NACE class 45. In order to identify employees' organisations which fulfil the criteria of 'representativeness' and are therefore recognised as European social partner organisations in the European social dialogue in the construction sector, reference is made to the study on the representativeness of social partner organisations in the construction sector commissioned by the European Commission (IST 2004).

9.5.2.1 Representative domain concentration/fragmentation of the union system

In this section, the union systems in the construction sector in the countries under consideration are categorised on the basis of two crucial indicators, i.e. the number of sector-related unions and the existence of domain overlap between these organisations. Sector-related trade unions are those which are affiliated to EFBWW – The European Federation of Building and Wood Workers – and several other sectoral unions which have been reported in the study on the representativeness of social partner organisations in the construction sector that served as a guideline for the European Commission's decision with regard to the recognition of European social partners in the European social dialogue in the construction sector (IST 1999a). As hypothesised in section 4.1.6 a high level of fragmentation of the trade union system inhibits collective action and thus a coordinated approach to collective bargaining policies by different national union organisations.

Union fragmentation reaches medium levels in the construction sector compared to those in the other sectors under consideration. A fully-fledged single union system exists only in the Greek construction sector (see table 32). In Austria and Germany, two sector-related unions are organising workers in the construction sector. Whereas in Austria, separate organisations exist for blue- and white-collar workers, in Germany the domains of the two blue-collar worker unions of the construction sector IG Bau and of the metal sector IG Metall are overlapping to a

minor extent. Medium extents of domain overlap are arising in Portugal, Belgium, Spain, Finland and the United Kingdom. In Portugal, domain overlaps are existing between the two sector-related blue-collar unions whereas in Belgium overlaps are arising between organisations differentiated along political lines, i.e. the three sector-related unions of the socialist, christian and liberal peak-organisations. In Spain, domain overlaps are largest between the sector related organisations of the two main confederations MCA-UGT and FECOMA-CC.OO. In the United Kingdom overlaps are arising among all unions, i.e. the only sector-specialised organisation UCATT and the two general unions GMB and Unite⁷⁸. A considerable degree of domain overlap is existing between all of the French sector-related unions (see table 58, Annex 5) whereas in Italy domain overlaps are arising in particular between the three largest sector related unions affiliated to the country's main peak federations, i.e. FeNEAL-UIL, FILCA-CISL and FILLEA-CGIL. In the Netherlands the organisational domains of the three sector-related blue-collar workers unions (i.e. FNV Bouw, Hout- en Bouwbond CNV and Het Zwarte Corps) and – to a lesser extent – of the two sector-related white-collar workers unions (i.e. De Unie and VHP) are overlapping. In Denmark and Sweden domain overlaps are arising mostly among blue-collar worker unions, i.e. between the Danish multi-sectoral union 3F - Fagligt Faelles Forbund and several specialised unions which also organise workers in the building industries such as electricians, metalworkers and painters, and between several Swedish sector unions with a rather narrow and specialised membership domain such as forest and woodworkers, building workers and electricians (see table 58, Annex 5). The largest number of sector-related unions is reported for Ireland. The most relevant union in the construction sector is the multi-industry federation SIPTU⁷⁹ which co-exists with several – mostly smaller - sectoral unions. The largest domain overlaps are existing between SIPTU on the one hand, and the larger ICTU⁸⁰-affiliates which organise workers in the construction and allied sectors such as BATU, UCATT and OPATSI, on the other hand (cf. table 58, Annex 5).

⁷⁸ In the UK the number of sector-related employee organisations decreased due to the general trend towards mergers among unions. For instance, the formerly existing organisations AEEU (Amalgamated Engineering and Electrical Union) and MSF (Manufacturing, Science and Finance) have amalgamated in order to create *Amicus*, an inter-sectoral trade union founded in 2001. AEEU itself resulted from a merger of EETPU (Electrical, Electronic, Telecommunications and Plumbers Unions) and PTU (Plumbing Trades Union) in 1992. Later on, Amicus and T&G (The Transport & General Workers Union) merged to form Britain's largest union Unite in May 2007.

⁷⁹ Two building sector unions, i.e. AGEMO (The General Automobile Engineering and Mechanical Operatives) and INPDTG (the Irish National Painters and Decorators Trade Group), joined SIPTU in the late 1990s (IST 1999a).

⁸⁰ The Irish Congress of Trade Unions (ICTU) is the umbrella organisation for trade unions from the Republic of Ireland and Northern Ireland.

Tab. 32 – Typology trade union system in the construction sector

Index sum:	Type of trade union system	Countries (index sum)
0 – 1 points : low degree of fragmentation	Category 1: Single union system, ‘Quasi’-Single union system	AT (0), DE (0), GR (0)
2 – 4 points: medium-level degree of fragmentation	Category 2: Functional diversity and moderate union competition	PT (2), BE (3), ES (4), FI (4), United Kingdom (4)
> 4 points: high degree of fragmentation	Category 3: Political/religious/territorial cleavages and high degree of union competition	FR (5), IT (5), NL (5), SW (6), DK (7), IR (9) ^a

^a Unions in Ireland have also been affected by the merger activities of British unions. With regard to the construction sector, this applies to two organisations; ATGWU (The Amalgamated Transport and General Workers' Union of Northern Ireland) joined T&G and later merged into Unite (2007) through the merger of T&G and Amicus and AEEU (The Amalgamated Engineering & Electrical Union) which organised workers both in the United Kingdom and Ireland and merged into Amicus in 2001 and later into Unite.

Source: see table 58, Annex 5

9.5.2.2 Extension Practice and collective bargaining coverage

This section aims at analysing the system of collective bargaining in the western European construction sector. As hypothesised in section 4.1.9, the ‘inclusiveness’ or ‘exclusiveness’ of the collective bargaining system is the underlying criterion of assessment. In accordance with Traxler (1998a), in an inclusive collective bargaining system more than 50 % of workers who fall under the domain of the collective agreement are covered. With regard to the construction sector, this condition applies to all countries for which data is available – with the exception of the United Kingdom and Greece (see table 59, Annex 5). The most influential factor that determines collective bargaining coverage is the practice to declare collective agreements generally binding within their field of application by including all those employees and employers which are not members of the signatory parties to the agreements (i.e. according to the ‘*erga omnes*’ principle). In general, extension mechanisms apply to all sectors⁸¹. However,

⁸¹ In Norway, legal mechanisms for the extension of collective agreements are applicable exclusively in the

in some countries certain categories of workers who are excluded from the right to collective bargaining, e.g. in the public sector, are not subject to extension rules. What is of relevance in this respect is not the legal provision of mechanisms for extension but the *de facto practice* of extending collective agreements which varies between sectors. In addition, functional equivalents that provide for an extensive application of collective agreements such as the compulsory membership in employers' association or the legal guarantee of collectively negotiated minimum wages and working standards directly affect the level of collective bargaining coverage.

In the construction sector the extension of collective agreements is pervasive in the majority of the countries under consideration, i.e. Belgium, Spain, Finland, France, Germany, the Netherlands and Portugal. In Austria, the obligatory membership for companies in the Chamber of Economy as the exclusively existing organisation which is entitled to conclude collective agreements ensures an outstandingly high level of collective bargaining coverage on both the inter-industry level and in the construction sector. In Italy, collective bargaining coverage in the construction sector more or less corresponds to the general collective bargaining coverage rate, i.e. around 70 %. In Italy, the entitlement of dependently employed workers to 'fair pay' is based on constitutional law. Labour courts and public authorities explicitly take collectively agreed wage levels into consideration in order to identify 'abnormally low' bids in public contracts (Traxler and Behrens 2002). This provision is of particular relevance in the building sector where public procurement is widespread.

Collective bargaining coverage is clearly lower in countries where extension practices are adopted only to a limited extent or non-existing at all. For instance, in the Greek construction sector collective agreements are rarely extended and thus the rate of collective bargaining coverage is low, i.e. 29 %. The same holds true for the United Kingdom where labour law does not provide for the extension of collective agreements. The Scandinavian countries stand out with regard to the positive relationship between the existence of extension mechanisms and high collective bargaining coverage. In Sweden and Denmark high levels of collective bargaining coverage (i.e. over 90 %) are reached despite the fact that labour law does not provide for rules for the extension of collective agreements. Only in Finland, extension mechanisms have been introduced in the 1970s which further contributed to the high level of collective bargaining coverage in this country.

With regard to the level of collective bargaining coverage in the construction sector, coverage rates are largely above 70 % in all countries where the practice of collective agreements in

widespread or where functional equivalents are existing (see table 59, Annex 5). Only in Germany, considerable divergence exists between the eastern and the western part of the country. Collective bargaining coverage in the eastern German construction industry is considerably lower, i.e. 51 %, than in the western federal countries (i.e. approximately 84 %) since opening clauses in collective agreements which allow an undercutting of collectively negotiated pay rates are adopted to a large extent. Wage pressures are particularly vigorous in the eastern German construction sector, with a high percentage of undeclared work, migrant workers and atypical forms of employment such as agency work (cf. sections 9.5.1 and 9.5.3). The trend towards the erosion of collective bargaining in Germany, in particular in the eastern part of the country, is evidenced by low rates of collective bargaining coverage which indicate a development from an inclusive to an exclusive system of collective bargaining. The dynamic of the process of de-centralisation of collective bargaining is spurred not only by the circumvention of collectively agreed on wage norms and labour standards through opening and 'hardship' clauses but even more by the evasion of companies from their membership to employers' associations and their increased room to manoeuvre in order to choose the collective agreement the field of application (e.g. sector, sub-sector, branch) of which is considered as more favourable. In Greece and the United Kingdom, collective bargaining in the construction sector is fragmented with only a minority of employees covered by collective agreements. No conclusions can be drawn on the situation of collective bargaining coverage in Ireland since data on both the inter-sectoral and the construction sector is lacking.

9.5.2.3 Characteristics of the sector-level collective bargaining system

This section aims at categorising the collective bargaining systems of the countries under consideration according to their responsiveness. The capability of the collective bargaining system to bring wage developments in line with the macroeconomic goal of monetary stability differs between countries. The degree of wage political responsiveness is determined by the capacity of the collective bargaining system to coordinate wages between sectors and different groups of employees (i.e. 'horizontal co-ordination') and to guarantee the compliance of lower level bargaining units to general pay norms and working conditions set at industry and/or inter-industry level (i.e. 'vertical co-ordination'). The coordination capacity of collective bargaining is contingent on several factors, i.e. the degree of *centralisation* of collective bargaining and the mechanism for the *coordination* of the collective bargaining process and its outcomes (cf. section 5.1.2). In order to conceive a *sector-specific* typology of collective bargaining systems according to the capacity to coordinate collective bargaining policies *transnationally* three variables are of relevance (cf. section 5.1.2.1); First, the pre-dominant

level of collective bargaining in the sector, second, the existence of a covert bargaining coordination mechanism in form of pattern-bargaining and, third, the co-existence of a peace obligation and provisions that ensure the legal enforceability of collective agreements. The former two variables, i.e. the *coordination mechanism* and the *pre-requisites* that guarantee the *vertical* co-ordination of collective bargaining, are national characteristics of the collective bargaining systems. Thus, variation with regard to these indicators exists between countries. In contrast, the pre-dominant *level* of collective bargaining is supposed also to vary between *sectors*. Therefore, the focus of a sector-based analysis is on the centralisation of collective bargaining, i.e. the predominant level on which collective agreements are concluded in the construction sector.

Collective bargaining in the construction sector is relatively centralised and takes place predominantly on the industry level (see table 60, Annex 5). The industry level is the sole level for the determination of wages and working conditions in the building sector in Austria, Denmark, Germany, Italy, the Netherlands and Sweden. Industry-level bargaining is complemented to a large extent by company-negotiations in Spain, Greece and Portugal. In all of these three Southern European countries industry-agreements are further specified on the regional level or – as in Greece – for certain crafts or groups of employees (IST 1999a). In France, in the construction sector – as one of the few sectors which are covered by industry agreements – collective agreements for both blue- and white-collar workers have been concluded by sectoral social partners (IST 1999a). In addition, collective bargaining to a large extent takes place on the company-level where wages and working conditions are specified in more detail. In Finland and – to a lesser extent – in Belgium centralised collective agreements on the inter-industry level are of relevance also for workers in the construction industry. In Finland for instance, the ‘Employment Contracts Act’ (2001) concluded on the inter-industry level aims at expanding all guarantees specified in the collective agreements to agency workers (EC 2006). The inclusion of atypically employed persons such as agency workers in the systems for the determination of wages and working conditions is of particular relevance in sectors with a highly mobile labour force as it is the case in the construction industry.

The highest degree of bargaining centralisation is reported to exist in the Irish construction industry. Wages and working conditions of the sector’s workers are to a large extent determined by inter-industry social partner agreements concluded in the ‘National Joint Industrial Committee’ whereby the sector-related bargaining units are the Construction Industry Federation (CIF) on the employers’ side and the sector-related ICTU-affiliates on the employees’ side (IST 1999a). Moreover, posted workers in the Irish construction industry are covered by the multi-employers industry-level ‘Registered Employment Agreement’ (Dobbins

2003) concluded by several sector-related trade unions and the CIF within the 'Construction Industry Committee'.

In the United Kingdom wages and working conditions of workers in the construction industry are settled mainly on the company level mirroring a general trend towards the decentralisation of collective bargaining in this country. Minimum conditions for workers in the sector are negotiated on a purely voluntary basis in the 'Construction Industry Joint Council' in the form of a 'working rule'. In addition, a wide range of other multi-employer agreements covering specific groups in the construction and engineering industry as well as related industries have been concluded. However, the terms of collective agreements are not binding for employers that do not belong to the employers' associations which are party to the agreement (Hall 2003). Thus, the collective bargaining coverage rate in the British construction sector is the lowest of the Western European countries, i.e. 24 %.

With regard to the capacity for wage political responsiveness the countries under consideration are summarised in three categories (cf. table 33). A low degree of responsiveness is characteristic for collective bargaining systems in the British, Spanish, French, Portuguese, Greek and Italian construction sectors. Since in none of these countries a covert mechanism for the coordination of collective bargaining in the form of pattern bargaining is existing, differences with regard to wage political responsiveness arise mainly from variation with regard of the prevailing level of collective bargaining and the existence of both the legal pre-requisites for the legal enforceability of collective agreements and a peace obligation for collective agreements during their duration of validity. Slightly higher levels of responsiveness are observed in Greece and Italy. In Greece where collective bargaining is relatively decentralised both of the legal guarantees are provided for in labour law whereas in Italy, both pre-requisites for a high degree of vertical coordination are lacking but collective bargaining is dominated by more centralised industry-wide negotiations.

In the countries subsumed under category two, i.e. Denmark, Sweden, Finland, the Netherlands and Ireland, the collective bargaining system in the construction sector exhibits a high degree of *formal* responsiveness. In the case of the three Scandinavian countries and the Netherlands this is due the existence of legal guarantees for the effective implementation of collective agreements. This differs to the situation in Ireland where collective bargaining takes place predominantly on the inter-sectoral level but provisions for the coordination of collective bargaining on the vertical dimension are lacking. Thus, it has to be noted that the *de facto* responsiveness of the collective bargaining system in the Irish construction industry is rather low since the crucial elements for an effective implementation of centrally negotiated collective

agreements is missing (cf. 5.1.2.1).

In Austria and Germany highly responsive systems of collective bargaining coordination are existing due to the relatively de-centralised and flexible coordination mechanism of pattern bargaining in combination with the legal prerequisites that ensure the effective implementation of collective agreements concluded on the industry-level.

Tab. 33 – Typology collective bargaining system construction sector

Index sum:	Type of collective bargaining system	Countries (index sum)
0-1	Low responsive collective bargaining systems: lack of institutional prerequisites to ensure vertical co-ordination	UK (0), ES (0,5), FR (0,5), PT (0,5), GR (1), IT (1)
2-3	High formal responsiveness of collective bargaining system: supportive legal prerequisites to ensure vertical co-ordination	DK (2), IR (2), NL (2), SW (2), FI (3)
<= 4	Highly responsive systems dominated by pattern bargaining	AT(4), DE(4)

Source: see table 60, Annex 5

9.5.2.4 Density of the sector-related trade unions

Union organisation in the construction sector is characterised by the existence of a multi-union system in the all of the countries considered – with the only exception of Greece where only one union is reported to exist (see 9.5.2.1). Since an aggregate measure for union density in the building industry is lacking and only density rates by organisation are available (IST 1999a), an sector aggregate has been estimated according to membership and sector employment figures stated in the representativeness study (IST 1999a). Unionisation seems to be relatively high when compared to density rates in manufacturing in general (EC 2006). The differences are particularly pronounced in Belgium, Greece and the Netherlands. The high union density in the Belgian construction sector (see table 34) can be explained by the organisational strength of trade unions among unskilled blue-collar workers in this country, whereas the high union density in the Dutch construction sector does not correspond to the general sector- or occupation-specific organisation pattern since in the Netherlands the

highest unionisation rates are among *skilled* blue-collar workers (EC 2006), an employee group that does not constitute the majority of workers in the building sector. With regard to the strikingly high union density in the Greek construction sector, an up-ward bias due to inflated reported membership figures can be assumed. Trade union density in the construction sector is particularly low in Spain, i.e. 8 % compared to the density in manufacturing that ranks above 14 % (EC 2006).

Tab. 34 – Density of sector-related unions – construction sector

Density rates	(aggregate ^a) sector density
< 25	ES (8 %), FR (9,5 %), PT (15 %), United Kingdom (21 %)
< 50	DE (26 %), IT (32 %), AT (38 %)
51-69	IR (52 %), NL (53 %), GR (54 %)
> 70	FI (85 %), SW (86 %), DK (90 %), BE (95 %)

Source: Table 61, Annex 5

^a in case of multi-union systems a weighted average based on the union's share of members in the total of members of sector-related trade unions;

From a cross-country perspective, the levels of union density rates in the construction sectors of the considered countries are evenly distributed. However, a considerable dispersion can be observed between density rates in two groups where densities are highest and lowest. The estimates in table 61 (Annex 5) largely correspond to organisation patterns on the national level, with the notable exceptions of sectoral densities largely exceeding aggregated density rates in Belgium, Greece as well as the Netherlands, and the United Kingdom where union organisation in the building industry is considerably lower than the national aggregate union density rate, i.e. 30.7 % in 2001 (Marginson and Traxler 2005).

9.5.3 The Construction Sectors' 'alternative' approach: Decentralised collective bargaining coordination or lobbying for European regulation?

The path towards the Europeanisation of collective bargaining policies has already been stroke in 1988 at the general assembly of EFBWW, the sector's European industry federation. From this event a number of coordinated initiatives have emerged. In the early 1990s demands for a European regulation on the posting of foreign workers have finally been realised through the adoption of the 'posting of workers' directive (Directive 96/71/EC). In parallel to the continued lobbying process of EU political actors in connection with the posting of workers directive, EFBWW promoted its approach to the cross-border coordination of national collective bargaining policies which intensified in the years from 1991 to 1994 (Interview IG BAU 2008).

In the construction sector coordination initiatives have been established almost exclusively between member unions of the European Federation of Building and Woodworkers (EFBWW) on a bi- or multilateral basis. For instance, the first project aiming at the cross-border comparison of collective bargaining structures, practices and outcomes in countries such as Germany, France, Italy, the United Kingdom, the Netherlands, Sweden and Switzerland and resulted in the first report on collective bargaining in the construction sector in 1996. Two years later a final report including all EU member countries (plus Norway and Switzerland) has been compiled. Most frequently cross-border union co-operations aiming at the coordination of collective bargaining are organised within the framework of European social funds that have been created to deal with some of the social political implications of the posted workers directive. Thus, they typically address topics related to the high cross-border mobility of workers, such as the cross-border recognition of pension insurance entitlements. Furthermore, on a more general level, these inter-union co-operations provide a basis for information exchange on national industrial relations and social security systems. The member organisations are encouraged to consider the most favourable system when concluding collective agreements, for instance with regard to the mutual recognition of pension funds. Inter-trade union coordination initiatives carried out with the involvement of social funds are more structured than 'autonomous' inter-union co-operations that are rather organised on an 'ad-hoc' basis. This is the case in particular with co-operation projects between German and Dutch building workers' unions (Interview EFBWW 2007).

With regard to topics that related to the classic notion of collective bargaining, such as working time, worker protection and safety or pay-related issues, the position of EFBWW is clear; Collective bargaining clearly is a competency of the national social partners. In contrast to the

metal sector, the EFBWW respondent claims that 'it's not even possible to streamline negotiation procedures' on the European level. Although the construction sector is relatively homogenous across countries, the production process is described as a 'multiple chain of production'. Numerous supplier companies – often highly specialised – are linked together in a process of outsourcing and sub-contracting. Thus, bargaining agents have to consider the special conditions that are predominating in a particular segment of the production chain. Other factors that impede the application of common wage norms are the sector's dependence on the business cycle and the dominance of small and medium companies with their very traditional employee-employer relationships. Personal relationships between negotiation partners are of great relevance. This conflicts with the exchange of trade union bargainers across countries. Although union officials from other countries are usually not participating in negotiations with employers, an exchange of union representatives takes place in coordination projects financed by social funds.

This contrasts to other sectors in which the driving force of transnational coordination of collective bargaining policies derives from the European regulation of the building industry, in particular by the adoption of the posted workers directive in 1996.

Arrangements for the transnational coordination of collective bargaining policies are comparably less formalised in the construction sector. There exists no common formula for wage bargaining. However, EFBWW is working on a database on collective agreements on minimum wages, working time and work organisation in all 27 member countries. So far, a database on the various national legal regulations of the building industry for members has been set up. The building-up of the collective bargaining database also involves the employers' federation FIEC (European Construction Industry Federation). Furthermore, an electronic system for the exchange of collective bargaining information in the member states as well as collective bargaining conferences between member organisations from neighbouring countries are elements of EFBWW's approach. However, with regard to the setting-up of a Europe-wide inter-industry coordination framework, EFBWW takes a distinct stance which differs from that in other sectors. According to a EFBWW respondent, the EIF does not want to participate in the Eucob@n system that has been established in the metal, chemical and textile industries (see section 9.1.6) at the current point of time.

9.5.4 European social dialogue in the construction sector

The European social partner organisations in the construction sector, i.e. EFBWW and FIEC, have been among the first to establish a sectoral social dialogue committee in 1999. The posted workers directive also was a topic of relevance in the sector's social dialogue. Other issues that have been addressed are health and safety, training and lifelong learning, occupational diseases and industrial accidents, migration as well as undeclared work in the enlarged of the Community. From a trade union's point of view, all the topics discussed in the European social dialogue are contested by employers. Companies that are located on the lower end of the chain of subcontracting have to face strong competition in terms of costs and therefore, labour and employment standards are particularly low. Although in several countries such as Italy, Austria, Germany, France, Belgium, Finland and Spain national regulation in order to contain such practices is existing, these legal instruments are not considered as efficient instruments by EFBWW. Although the European employers federation of the construction industry declares its will and efforts to fight undeclared labour, concrete measures such as the increase of labour inspectors or ID cards for regular workers, have not been applied yet. The trade union respondent rather criticises that the European social dialogue is used by employers 'for image building'. Despite the fact that European social dialogues in the construction industry evidence a considerable degree of activity in terms of the produced results, it is perceived rather critically by trade unionists (see below).

9.5.5 Trade union actors' perceptions in the construction sector

In the following two sections, the most relevant perceptions of trade union bargaining agents with regard to inter-union cross-border coordination initiatives and with regard to European social dialogues in the construction sector will be described. Identifying contrasting interest positions – that may correspond to national boundaries – as well as areas of common interests and joint actions are pivotal to the qualitative analysis.

9.5.5.1 Trade union actors' perceptions with regard to union-led cross-border coordination initiatives

The engagement of EFBWW's member organisations in transnational collective bargaining activities differs widely. As in the other sector under consideration, regional clusters of activity can also be observed in the construction sector. The three member unions from Italy, i.e.

FENEAL-UIL, FILCA-CISL and FILLEA-CGIL, are particularly active as well as the German IG Bau and the Austrian Union of Building and Woodworkers GBH. Likewise, the Scandinavian member organisations are working closely together with regard to the coordination of collective bargaining policies and, in addition, with the Northern district organisations of IG Bau. Most of these initiatives are inter-regional bilateral co-operations between trade unions, e.g. of France and Germany, Italy and Spain. The main driving force to enter into cross-border co-operation is the movement of workers that is outstandingly within the region of Germany, Belgium and France. Due to their organisational strength and internal organisation capacity the German and the Italian building sector unions are taking on a leading role with regard to the transnational coordination of collective bargaining. Besides, among trade union representatives of these two countries pro-European attitudes are predominating. This may contrast to a certain extent to Scandinavian unions that prefer co-operation among themselves than within a broader European scope. With regard to interest constellation along national lines, the Nordic countries stand somehow apart in the sense that they have 'a more protectionist system and are more or less isolated' (Interview EFBWW 2007). Compared to the central European countries, labour migration is less widespread in the Nordic countries. Thus, the need to co-operate across border is less stringent. The sector's union from the new member countries are forming another group of their own. Building sector unions in these countries are rather weak or inexistent. From the European peak-level organisation's point of view, the member organisations in the central and eastern European countries are perceived ambiguously. On the one hand, they have been supported over the last years in terms of financial aid and the transfer of know-how. On the other hand, building sector unions in the new member countries have to a certain extent receded from the view of the EIF that is dominated by western European member organisations due to their lack of capacity for action on the national and – even more so – on the transnational level.

9.5.5.2 Trade union actors' perceptions with regard to central and de-central coordination approaches

The lack of support by the Commission with regard to European social dialogue is also brought up by trade unions in the building sector. This perception of trade union representatives can be observed in all sectors. Thus, it gives evidence to a perceived fundamental inter-class difference between the 'market-minded' Commission with its aim for unrestricted cross-border mobility of factors and the side of organised labour that struggles to mitigate the social consequences of market integration. What is however striking is that the effectiveness and legitimacy of the European social dialogue in the construction industry is regarded as particularly poor. The support of European social dialogue by EFBWW's member

organisations is reported to have weakened over the last years.

The relationship between the two instruments for a European-wide coordination of collective bargaining policies, i.e. European social sector dialogues and cross-border coordination initiatives among trade unions, is generally regarded as a mutually complementary one. However, it is stated that 'it is difficult to find a common European approach' to tackle the most pressing problem, namely the integration of migrant workers in the national industrial relationship structures. This issue is best dealt with on a bilateral level between trade unions. In this respect, good and bad examples can be observed. Joint Initiatives of the Austrian and Hungarian building sector unions are reported to be a model of 'best practice' whereas other bilateral approaches such those between Germany and Poland and some of the Nordic and the Baltic countries have proved to be less successful.

Perceptions with regard to European social dialogue as an efficient and relevant coordination instruments strongly diverge between British and Irish trade unions on the one hand, and the Northern countries' unions on the other hand. Whereas the former unions hope to enhance their organisational weakness through European social dialogues, the latter ones are sceptic or rather opposed to joint action in the framework of the European sector dialogue since their fear a down-ward pressure on their own high national standards by European agreements. However, Finland and Denmark depart from the path of opposition in certain issues. The leading role in initiating European social dialogue is taken by the German, Belgian and Italian trade unions. For unions of the new member states European social dialogues are not considered as a priority since they are primarily concerned with creating the preconditions for social dialogue on the national level.

The relationship to the employers' side is described as 'having deteriorated' in the last years (Interview EFBWW 2007). In the past, trade unions frequently entered into co-operational relationships with employers rather than with other sister organisations. This situation has sharply changed. Increased competitive pressures are the main hindering factor for European employers to participate in social dialogue. Employers enter into dialogue only when it is to their own advantage or when there is put pressure on them by the Commission. Another serious problem is the lack of representative employer organisations in some countries, in particular in the new member states (Interview EFBWW 2007). Regulatory initiatives by the Commission such as the posted workers directive are considered as the main driving force that prompts employers to participate in social dialogues with labour representatives. What is however stated by trade union bargainers is that joint agreements with the European employers are 'very solid'. As soon as the initial opposition of employers is overcome, the

ensuing agreements – described as ‘pacts’ – are usually of high mutual liability (Interview EFBWW 2007). For employers the most important topic is to contain unfair competition. Illegal practices are considered as a problem but only a minority of employers is prepared to take concrete action against it due to the increase of competition, in particular among small and medium-sized companies. Trade union representatives noticed a change of employers’ attitudes towards a openly critical position vis-à-vis a legal-based system of labour market regulation and instead support a more voluntary system. In many of the new member countries the Anglo-Saxon legal system with a focus on self-employment and ‘entrepreneurship’ has been implanted in labour relationships.

In general, the current situation is perceived as not too favourable for European social dialogue. Employer’s reluctance and the lacking support for substantial agreements by the Commission have rendered European social dialogue a highly disputed and heavily criticised instrument by national trade unions. Thus, the future perspective of European social dialogue in the building industry is assessed to be bleak. Since the chances for solid agreements are decreasing and trade unions’ support is fading, it can not be ruled out that the social dialogue in the sector will not survive. In the face of the weakness of the instrument trade unions are seriously considering other policy strategies on the European level. Following the model of the employers, they also may embark on a strategy of individual lobbying for European regulation and depart from the model of a European social partnership.

9.6 The Banking Sector

9.6.1 Economic background

In the banking sector the repercussions from the EMU have been particularly strong. The integration of financial markets unleashed a wave of restructuring in the European banking sector. Although the most significant changes in the sector have been the automation and rationalisation through the introduction of information and communication technologies in the 1980ies which lead to a significant reduction of employment in the sector, the trend to mergers and acquisitions with an increasingly cross-national dimension in the wake of the EMU did not result in a comparably steep decline in employees. Rather, it has been working conditions and work organisation that have largely changed in the financial sector (Sisson and Marginson 2000). However, it has to be noted that the company structure in terms of ownership and subsidiaries of European banking companies is dominated by enterprises with a national scope. Cross-border mergers such as the takeover of the German Hypovereinsbank by the Italian Unicredit and the proposed takeover of AB AMRO by a consortium around the Royal Bank of Scotland have not been numerous in the banking sector. For instance, according to a study about one third of all bank mergers in Europe between 1978 and 2001 included companies from different countries, with 20 percent of all cross-border mergers involved two European enterprises (Buch and Delong 2001). One important factor for the predominance of nationally operating companies is information costs that tend to be higher between than within countries. Besides, barriers resulting from regulation that still remain in the Common Market also account for the relative rareness of cross-border mergers in the banking sector. This finding clearly contrasts with the dominance of MNC in other sectors such as the chemical sector and the food industry. Internal restructuring in the banking sector involved the outsourcing of certain services to call centres. Additionally, the increasing integration of financial services such as banking and insurance and the enlarged range of activities carried out by single enterprises such as retail, corporate and investment banking, as well as insurance and savings blurred the boundaries of conventional collective agreements at national and sectoral level and left a void for MNC to escape multi-employer agreements. Thus, the shift from sector to company-level bargaining was particularly pronounced in the financial services sector.

Capital mobility in terms of foreign direct investment (FDI) stocks is outstandingly high in the financial sector (cf. section 7.2) and mirror pervasive external restructuring on a global scale. However, FDI in the banking sector do not imply pressures increased international competition as they do occur in the manufacturing sector. In contrast to cost-minimising investments that

exploit labour cost differentials between countries and world regions and may thus spur 'regime competition', investments in the banking sector are rather 'market-seeking'. This is due to the nature of financial services, some of them – such as retail banking – remains largely entrenched in national markets but is increasingly influenced by global developments (Sisson and Marginson 2000). Labour mobility is typically low in the financial services sector. This is partly due to large-scale technology-induced reorganisation of work required an highly-skilled workforce in domestic operations and 'high-end' business fields such as investment banking, whereas standardised tasks that involve less specialised knowledge and qualifications have been outsourced on a global scale. These changes in work organisation require the revision of traditional job descriptions. For trade union and employee representatives the changes in work organisation are – together with qualification and lifelong learning – among the most important issues to be dealt with in the financial services sector.

9.6.2 The national systems of industrial relations in the banking sector

In the following sections the national systems of industrial relations in the western European Banking sector are categorised on the basis of the most important features of industrial relations, i.e. the degree of domain fragmentation of the sector related trade union system, the prevalence of extension practice and the sectoral collective bargaining coverage rate, characteristics of sector-level collective bargaining coordination and the density of sector-related unions (cf. section 5.1). The sector delineation corresponds to NACE class 65, i.e. financial intermediation without insurance services and covers activities of commercial banks, savings banks and co-operative banks (IST 2000).

9.6.2.1 Representative domain concentration/fragmentation of the union system

As specified in hypothesis 6 (section 4.1.6), a highly fragmented union system is an inhibiting factor to the cross-border coordination of collective bargaining policies since collective action is impeded by a large number of actors. In order to categorise the trade union system of the banking sector in the countries under consideration, two principal factors are considered, i.e. the number of sector-related unions and the existence of overlaps of the organisational domains of these unions.

Union fragmentation in the western European banking sector is comparably low. In three out of 14 countries, a single-union system or a 'quasi'-single union system is existing (table 35). In Austria, Denmark and Greece, only one sector-related representative union is existing in the

banking sector. A moderate degree of inter-union competition with regard to the recruitment of members is reported for Germany, and to a larger extent for Ireland and the Netherlands. In Belgium and the Netherlands workers are organised along political/confessional lines. Domain overlaps exist therefore between the three white-collar worker unions in Belgium, i.e. the socialist SETCa and the Christian and CNE – CSC (Wallonian) and LBC – CSC (Flemish) and between the Dutch white-collar unions CNV Dienstenbond and de Unie (see table 62, Annex 6). In the case of Portugal the three most representative unions which are organising employees in the banking sector are affiliated to UGT. The inter-union competition is low or almost in-existent since there are no overlaps between the UGT-affiliates and the remaining sector-related union for managerial personnel (i.e. SNQTB).

A highly fragmented multi-union system exists in the banking sector of Spain, France, the United Kingdom, Italy and Sweden and – to a lesser extent – between Belgian banking sector unions. In Spain inter-union competition arises mainly between the two largest sectoral unions, that is, the CC.OO-affiliate COMFIA and the UGT-affiliate FES, which both organise employees in all banking sub-branches, i.e. commercial banks, savings banks and co-operative banks. Overlaps are also existing between the two largest unions and several smaller organisations which are not affiliated to UNI-Europa Finance, i.e. CSICA, organising employees in savings banks and FITC, covering all banking branches (see table 65, Annex 6). In France, organisational overlaps exist between all sector-related unions. The same held true for the two main inter-sectoral trade unions in the United Kingdom involved in collective bargaining, i.e. MSF (Manufacturing, Science and Finance) and UNIFI whereby the latter has been represented in all major banks⁸². However, with the merger of these two major financial sector unions in order to create Amicus together with two other unions (i.e. AEEU – Amalgamated Engineering and Electrical Union and GPMU – The Graphical, Paper and Media Union) in 2001 the intensity of inter-union competition has been diminished. Besides, a number of company-unions is existing in the British banking sector. In Italy domain overlaps are arising between the CGIL-affiliate FISAC, the CISL-affiliate FIBA and the UIL-affiliate UILCA as well as between those three largest sector-related unions and several smaller employee organisations not affiliated to one of the main confederations (see table 65, Annex 6). For Sweden, a considerable extent of domain overlap exists between a number of white-collar worker unions differentiated along occupational lines such as for employees in the finance sector (i.e. Finansförbundet), economists and lawyers (JUSEK) and civil servants (ST).

⁸² HSBC, Royal Bank Group, Lloyd/TSB, Barclays, Bank of Scotland, Co-operative Bank, National Australia Group (IST 2000).

In general, domain fragmentation in the European banking sector reaches medium-levels. In some countries such as in Italy a large number of sector-related unions are existing. Although the fragmentation of the union system is considered as a hindering factor to the transnational coordination of collective bargaining, this does not hold true in the case of Italy. The Italian affiliates of UNI-Europa Finance are reported to be among the most active member organisations with regard to cross-border projects aiming at the coordination of collective bargaining. Likewise, UNI-Europa affiliates from Spain and the United Kingdom are active in cross-border co-operations, including such on collective bargaining issues (cf. section 9.6.3).

Tab. 35 – Typology trade union system in the banking sector

Index sum:	Type of trade union system	Countries (index sum)
0 – 1 points : low degree of fragmentation	Category 1: Single union system, ‘Quasi’-Single union system	AT (0), DK (0), GR (0)
2 – 4 points: medium-level degree of fragmentation	Category 2: Functional diversity and moderate union competition	FI (2), DE (2), IR(3), NL (3), PT (4)
> 4 points: high degree of fragmentation	Category 3: Political/religious/territorial cleavages and high degree of union competition	BE (5), ES (6), SW (6), UK (5),IT (7), FR (8)

Source: see table 62, Annex 6

9.6.2.2 Extension practice and collective bargaining coverage

In the following the analytical focus is on the ‘inclusiveness’ or ‘exclusiveness’ of the sectoral collective bargaining system as it is hypothesised in section 4.1.9. The main indicator to determine the exclusiveness/inclusiveness of the collective bargaining system is the level of the collective bargaining rate whereby the threshold is set according to theoretical reasoning. According to Traxler (1998a) an inclusive system is indicated by a collective bargaining coverage rate of more than 50 % whereas in exclusive systems less than 50 % of workers who fall in the domain of the respective agreement are covered.

Collective bargaining coverage tends to be outstandingly high in the western European banking sector with coverage rates of above 60 % in all countries under consideration with the exception of the United Kingdom where the collective bargaining coverage rate is around 40 % (see table 63, Annex 6). One of the most important determinants of the level of collective bargaining coverage is the existence of legally provided mechanisms for the extension of collective agreements. In this respect, provisions for the extension of collective agreements in the ‘*narrow sense*’ (*‘erga omnes’ principle*), i.e. to declare collective agreements generally binding within their fields of application by including all those employees and employers which are not members of the parties to the agreement (Traxler and Behrens 2002), are of relevance. However, in order to analyse the sectoral collective bargaining systems according to their ‘inclusiveness’/‘exclusiveness’ it is not the existence of legally provided extension mechanism which are existing in the vast majority of EU countries but rather the *de facto* application of rules for the extension of collective agreements. Legal extension mechanisms are guaranteed on the inter-industry level in the vast majority of European countries⁸³ whereby in some countries certain groups of employees which are not entitled to the right of collective bargaining (e.g. in Austria, Spain) are excluded. This contrasts to the *de facto practice* to extend collective agreements which differs not only between countries but also between sectors. In some countries *functional equivalents* of legal extension rules are existing (see table 63, Annex 6), i.e. in Austria the compulsory membership in the Chamber of Economy as the only employers’ association that participates in collective bargaining and in Italy the constitutionally guaranteed entitlement of dependently employed persons to ‘fair’ wages that renders collectively negotiated wage rates as a yardstick in labour court decisions.

⁸³ In Norway extension of collective agreements according to the erga-omnes principle is limited to the construction sector (Dolvik 2007).

In all countries where the practice to extend collective agreements in the banking sector is pervasive, collective bargaining coverage rates tend to be strikingly high, i.e. above 80 %. The same holds true for those countries where functional equivalents are existing, i.e. Austria and Italy. In Spain where the extension of collective agreements is not a common practice in the banking sector, collective bargaining coverage approaches 100 % due to the outstandingly high density rates of sector related employer associations⁸⁴. Thus, provided a high level of employer density the extension of collective agreements is a redundant practice. Likewise, employer density in Greece is supposed to be high although data is not available for the entire sector⁸⁵. Despite the limited practice to extend collective agreements in the banking sector, the collective bargaining coverage rate in the Greek banking sector reaches 70 %. In the German and Dutch banking sector the extension of collective agreements is not a common practice. Despite the lack of extension practice the sector-related collective bargaining coverage rate exceeds 90 % in the Netherlands whereas in Germany collective bargaining coverage in the banking sector is considerably lower, i.e. above 65 %. However, in both countries the sectoral collective bargaining coverage is in line with the rates for the total economy, i.e. 88 % in the Netherlands and 67 % in Germany (Marginson and Traxler 2005). No legal provisions for the extension of collective bargaining are existing in Denmark, Sweden and the United Kingdom. In the two Scandinavian countries collective bargaining coverage in the banking sector is comparably high (i.e. 100 % in Denmark and above 90 % in Sweden). Although in the United Kingdom the collective bargaining coverage rate in the banking sector (i.e. 41 %) is the lowest of the countries considered in this study, it exceeds the aggregate collective bargaining coverage rate of 36 % (Marginson and Traxler 2005) to a considerable extent. The tendency of banking sector collective bargaining coverage rates to exceed those on the aggregate, i.e. inter-industry, level can also be observed in Denmark (i.e. 100 % in the banking sector compared to the aggregate coverage rate of 83 %), Spain (i.e. 98 % compared to 86 %), Finland (i.e. more than 97 % compared to 81 %) and Italy (i.e. approximately 80 % to around 70 %). Only in France the collective bargaining coverage rate in the banking sector tends to be below that of the aggregate level (i.e. 83 % compared to 90-95 %).

⁸⁴ For instance, approximately 100 % of private banks are affiliated to the respective sectoral employers' association AEB. Likewise, employer density in the sub-sector of savings banks is equally high (i.e. the organisational density of 98 % of ACARL) (cf. IST 2000).

⁸⁵ More than 80 % of those companies active in the segment of private and state-owned banks are affiliated to the respective employer association OTOE (IST 2000).

9.6.2.3 Characteristics of the sector-level collective bargaining system

As laid down in section 5.1.2.1, the typology below (cf. table 36) aims at classifying the countries under consideration according to the degree of wage-political responsiveness of their sectoral collective bargaining system. Three indicators are of relevance in this respect; First, the pre-dominant level of collective bargaining, second, the existence of a covert coordination mechanisms in the form of pattern-bargaining, and third, the existence of both a peace obligation for valid collective agreements and their legal enforceability. The latter two variables are features of the national arrangements of collective bargaining and differ therefore between countries and not between sectors. Inter-sectoral variation emerges from the differences with regard to the prevailing bargaining level in the respective sector. What is important to note is that the capacity of the sectoral collective bargaining system to coordinate the bargaining process as well as its outcomes *across borders* is under investigation here. Pattern-bargaining is conceived as the most effective mechanism to coordinate collective bargaining on the transnational intra-sectoral level (cf. section 1.5.3.1). Therefore, the indicator for the existence of pattern-bargaining on the national level has a particularly strong weight in the analysis.

Turning to the prevailing *level* of collective bargaining, the banking sector is characterised by comparably centralised bargaining with the sector level as the predominant one (cf. table 64, Annex 6). Sectoral collective bargaining is predominant in the banking industry in Austria, Denmark, Spain, Finland, Greece, Italy, Portugal and Sweden. In Italy and Portugal collective bargaining is carried out for the entire banking sector, i.e. commercial, savings and co-operative banks, for both blue- and white-collar workers, whereas in Austria separate agreements are negotiated for distinct employee groups, i.e. blue- and white-collar workers. In Belgium inter-sectoral social partner agreements which complement collective agreements for savings and commercial banks are of relevance also for workers in the banking sector. Sector agreements are complemented by company-agreements in Germany, Spain, Finland, Greece and the Netherlands. Sector-level bargaining is prevailing in Spain, Finland and Greece. In Finland the vast majority of employees in the banking sector is covered by sectoral agreements, i.e. 97 % of employees in the sector are covered by the central agreement, and around 70 % of banking sector employees are covered by sectoral agreements negotiated by the most representative employers association⁸⁶ in Greece. Collective bargaining is comparably de-centralised in the banking sectors of France, Germany and the Netherlands

⁸⁶ The most representative employers' association in the Greek banking sector is HBA – Hellenic Banks Association with a density rate of 69 % (IST 2000).

where industry agreements and company-agreements are complementing each other and cover a comparable share of employees in the sector. Decentralised collective bargaining with the company as the sole bargaining level is existing in Ireland and the United Kingdom. In both countries no employers' association which is entitled to participate in collective bargaining is existing in the banking sector.

Turning to the indicator of collective bargaining coordination capacity, half of the countries under consideration are categorised as collective bargaining systems with a low degree of responsiveness. This applies to those countries with de-centralised systems of collective bargaining in the banking sector such as the United Kingdom, Ireland and France. In all of these three countries the institutional pre-requisites for the vertical co-ordination of collective bargaining outcomes is lacking (see table 64, Annex 6). Spain, Italy and Portugal share communalities with regard to the bargaining level whereby the sector level is predominant and the lack of legal guarantees to ensure the compliance of lower level bargaining units and their members to more centrally negotiated provisions. The Netherlands stand out from the group of 'Southerners' since the country is typically classified as being characterised by a highly responsive collective bargaining system (Traxler 2002). With collective bargaining taking place at a relatively de-centralised level, i.e. on both the industry and company level, and the existence of both legal preconditions for a high degree of vertical co-ordination capacity, it can be assumed that the country's collective bargaining system in the banking sector disposes of a higher formal degree of wage political responsiveness. The empirical findings have however to be put into perspective when it comes to the *transnational* coordination of collective bargaining. Bargaining experts point out that de-centralised collective bargaining on the national level hinders cross-border coordination on a transnational scope, in particular when a sector is dominated by large multinationals. This seems to be the case in the Dutch banking sector where collective bargaining is to a large extent influenced by negotiations on the level of MNC (cf. section 9.6.3).

The second category which summarises countries characterised by collective bargaining systems with a high degree of formal responsiveness covers a highly heterogeneous group of countries with regard to their industrial relations systems. The 'Nordics', i.e. Denmark, Finland and Sweden, are subsumed under the same category as Greece and Belgium. With the exception of Belgium, the collective bargaining systems of all of these countries dispose of the legal pre-requisites that guarantee an effective implementation of collective agreements. Belgium has to be perceived from a different angle since it falls into this category only due to the comparably high degree of centralisation of collective bargaining in the banking sector. Thus, the de facto coordination capacity of the collective bargaining system in the Belgian

banking sector is clearly reduced since the vertical co-ordination of collective bargaining is not ensured. With regard to the level of collective bargaining, a higher degree of centralisation is conducive to the transnational coordination of collective bargaining.

A high degree of transnational wage political responsiveness is evidenced in the German and Austrian banking sector due to the existence of legal guarantees for the vertical coordination of collective bargaining outcomes and pattern-bargaining as the principle mechanism to coordinate collective bargaining between sectors. It has to be noted that other mechanisms than pattern-bargaining are equally suited to guarantee the efficient coordination of collective bargaining on the horizontal dimension. For instance, in Finland and the Netherlands, a high degree of inter-sectoral coordination capacity is ensured by *state-sponsored* wage bargaining, i.e. in the form of tripartite bargaining whereby state agencies (e.g. the government) directly participate in peak-level wage bargaining *without* authoritatively imposing an agreement (Traxler 2002). State-sponsored bargaining was the pre-dominant coordination mode in these two countries in the 1990s (cf. Traxler and Kittel 2000, Traxler et al. 2001). The same holds true for wage bargaining coordination in Sweden. A short period of uncoordinated, de-centralised bargaining took place under employers' pressures in the mid-1990s. During this conflict-ridden period, the principle of state mediation and conciliation in important industries in the case of a deadlock of social partner negotiations came into fore. Later on, industry bargaining was re-established with the conclusion of the Industrial Agreement on common principles for future wage negotiations in 1997 which however provides for a rather unstable framework since 'cooperation with business has been formalised *across* the domains of the union confederations' (Traxler et al. 2001, 157). The problem of incompatible interest representation domains and organisation patterns between business and unions which burdens collective bargaining on the sector level lead to the emergence of pattern-bargaining as a supplementary coordination mode whereby manufacturing or one of its branches set the pace for wage negotiations in other sectors. Thus, the de facto responsiveness of the collective bargaining system in Sweden is higher than suggested in Table 36.

Tab. 36 – Typology collective bargaining system banking sector

Index sum:	Type of collective bargaining system	Countries (index sum)
0-1	Low responsive collective bargaining systems: lack of institutional prerequisites to ensure vertical co-ordination	United Kingdom(0), industrial relations (0), FR (0,5), ES (1), IT (1), NL (1), PT (1)
2-3	High formal responsiveness of collective bargaining system: supportive legal prerequisites to ensure vertical co-ordination	BE (1,5), DK (2), FI (2), GR (2), SW (2)
<= 4	Highly responsive systems dominated by pattern bargaining	AT (4), DE (4)

Source: see table 64, Annex 6

9.6.2.4 Density of the sector-related trade unions

Trade union densities in the banking sector of the countries under consideration are strikingly high (see table 37). In all countries with the exception of France, Germany, the Netherlands and the United Kingdom union densities in banking are considerably higher than in the services sectors in general (EC 2006). Union densities in the banking sector even clearly exceed unionisation rates in manufacturing which tend to be higher than in the services sectors, with the exceptions of Spain, Italy and Portugal where the service sector density is equal to that in manufacturing (EC 2006). Differences between union density rates of banking sector and the services sector in general are particularly pronounced in Portugal and Greece, i.e. around 90 % compared to 13 % and 84 % compared to 14 % (EC 2006). The outstandingly high level of reported banking sector densities in the latter two countries seems to imply an upward-bias. Considerable differences between the two density measures can also be observed in Italy, i.e. 51 % compared to 26 %, Finland, i.e. 88 % compared to 64 %, and Denmark, i.e. approximately 98 % compared to 77 %.

The low density rates in the German and British banking sector, i.e. below 15 % and below 10 %, respectively, is in line with union organisation patterns according to distinct occupational groups. In Germany, union organisation is highest among (skilled) blue-collar workers and in the United Kingdom density rates are high among professional and managerial staff, followed by unskilled blue and white-collar workers. Thus, the predominantly high-skilled labour force in

the banking sector tends to be among the less organised employee groups (EC 2006).

Tab. 37 – Density of sector-related unions – banking sector

Density rates	(aggregate ^a) sector density
< 25	United Kingdom (< 10 %), FR (11 %), DE (< 15 %), NL (20 %)
< 50	AT (43 %), industrial relations (30 %), ES (< 30 %),
51-69	IT (51 %), BE (60 %)
> 70	SW (80 %), GR (84 %), FI (88 %), PT (90 %), DK (98 %)

Source: Table 65, Annex 6

^a in case of multi-union systems a weighted average based on the union's share of members in the total of members of sector-related trade unions;

9.6.3 Decentralised coordination in the banking sector: The UNI-Finance Collective Bargaining Network

Although the Europe-wide coordination of collective bargaining has been an important topic before, structures on the European peak-level have been established not earlier than in 2000. The European Industry Federation UNI-Finance established a web-page and a database serving as a platform for the exchange of information on several important topics such as restructuring. However, collective bargaining information was included only since 2002, when the first data-based project on benchmarking pay and working time was initiated (Dufresne 2002). The collection of collective bargaining information was further elaborated with the foundation of the UNI-Finance Collective Bargaining Network in 2000 and the setting-up of a database which documents the results of sector-level agreements in banking and insurance. EIF representatives point out that wage policy coordination is not a goal within the Collective Bargaining Network since it is exclusively dealt with by national unions. However, the network's database does include information on wage increases. In contrast to earlier findings (Dufresne 2002), union respondents underscore that there exists no instrument for the transnational wage bargaining coordination that is based on quantitative orientation criteria such as inflation and productivity growth (Interview 2 UNI-Europa Finance 2007, Interview ver.di 2008). Such a quantitative 'coordination rule' for wage bargaining is not considered as being useful in the banking sector, since wages depend on a variety of factors and are therefore not easily comparable between countries. Besides, despite the existence of

collective agreements in the banking and insurance sector wages are frequently settled at company-level. A high wage-drift resulting from differences between collectively negotiated and effective pay increases renders an efficient implementation of a wage rule doubtful.

Within the organisational structures of the UNI-Finance Collective Bargaining Network participating unions meet on an annual basis. Although meetings are scheduled on a regular basis, trade unions participation is characterised by a certain degree of discontinuity. One of the trade union bargainers describes the voluntary character of these meetings as follows: ‘... who wants to participate participates, who doesn’t want, doesn’t’ (Interview 2 UNI-Europa Finance 2007). According to European-level trade union representatives, a distinct leading trade union organisation that plays an active role in pushing coordination initiatives is not discernible in the finance sector. This finding contrasts with that of other sectors, particularly the metal industry where the German IG Metall acted as a pioneer with regard to the establishment of collective bargaining coordination networks (see section 9.1.4). The German union counterpart in the banking sector, i.e. the multi-sector white-collar union ver.di (Vereinte Dienstleistungsgewerkschaft – Unified Service Sector Union), is characterised by a high degree of organisational heterogeneity with regard to the sectoral scope of its organisational domain. Within ver.di 13 sectoral units are existing as the union organises employees in sectors such as finance, telecommunications, postal services, media and arts as well as public services such as healthcare, social services, education and transport.

However, within the UNI-Finance Collective Bargaining Coordination Network the group of non-German and non-British western European unions in the finance sector are described as the most active ones (Interview 2 UNI-Europa Finance 2007). This assessment is though attenuated since German and British unions have autonomously set up multilateral coordination initiatives that are often joined by unions from other countries (Interview ver.di 2008). The bargaining coordination network within the framework of UNI-Finance exhibits a high degree of de-centralisation. Top-down coordination by the EIF is comparably limited whereas the member organisations enjoy a high degree of autonomy in shaping policy goals and organising and administering the bargaining coordination network. A respondent describes the role of national member unions in this bottom-up approach as follows: ‘Our organisations are UNI-Finance. They are the decision-makers’ (Interview 2 UNI-Europa Finance 2007). Intra-union structures are less hierarchical. According to one respondent, there is no clear separation of the European peak-level federation and the national member organisations. The Collective Bargaining Network of UNI-Finance is described as a ‘self-sustaining structure’ created by the national member organisations in cooperation with the UNI Secretariat.

Several groups of unions have already established collective bargaining networks within the framework of the finance section of the global trade union UNI-Europa. These union-led, multilateral projects aiming at the cross-border coordination of collective bargaining policy are though set up on a rather informal basis compared to the bargaining networks of the metal sector. However, some of the more recent examples such as the joint declaration on collective bargaining coordination and cooperation of banking sector unions from Belgium (Centrale Nationale des Employés – CNE and Landelijke Bedienden Centrale-NVK), France (Fédération des Employés et Cadres), Italy (Federazione Italiana Bancari e Assicurativi), Austria (Union of Salaried Employees – GPA), Sweden (Financial Sector Union of Sweden - Finansförbundet) and Germany (Unified Service Sector Union – Vereinte Dienstleistungsgewerkschaft, ver.di) in November 2004 (Broughton 2005) and the Collective Bargaining Project in Insurance with the participation of the German ver.di, the British Amicus, the Italian FISAC/CGI and FDS/CFDT from France in the same year, resemble their counterparts in the metal industry. The decentralised approach to collective bargaining policy coordination in the finance sector and the high degree of autonomy of UNI Finance's member organisations is demonstrated by cross-border union co-operations initiated by national unions. For instance, the German multi-sectoral white-collar union ver.di which organises workers in the finance sector has initiated an 'autonomous' network with banking sector unions from Belgium, Austria, Italy, France, Denmark, Sweden and Greece in 2005. In regular meetings, representatives from these unions address bargaining-related issues such as the development of benchmarks on pay and remuneration or the formulation of joint positions on performance-related pay norms (Interview ver.di).

In general, the banking sector unions' initiatives are based on a regular, network structured coordination approach that goes beyond the pure exchange of information. It also includes the participation of trade union representatives in collective bargaining committee meetings of other partner unions and the support of partner unions in collective bargaining disputes. In contrast to the metal sector's collective bargaining networks, the participation of representatives from partner unions in negotiations with employers is not part of the declaration. Due to the relative recent establishment of these cross-border initiatives, it has to be seen how persistent they are.

9.6.4 European social dialogue in the banking sector

An informal working party has been established in the banking sector already in 1990. The banking sector was amongst those that established a sectoral dialogue committee in the first year after the Treaty of Amsterdam which provided for new European dialogue structures on the sector level came into force. On the workers' side, UNI-Europa Finance was recognised as a social partner organisation by the Commission. The employers are officially represented by the European Banking Federation (FBE), the European Savings Bank Group (ESBG) that organises the interests of savings and retail banks and the European Association of Co-operative Banks (EACB). This contrasts to other sectors such as the chemical industry, where no explicit external factor triggered the establishment of a sector committee. Rather, the structures from pre-Amsterdam European dialogues have been transferred into the new system of European sector dialogues. Among the most important topics are corporate social responsibility, lifelong learning and demography. The issue of flexicurity has mainly been brought up by employers. In general, topics addressed in European social dialogues are non-controversial.

9.6.5 Trade union actors' perceptions in the banking sector

Compared to the metal industry and the chemical sector, the financial sector unions' approach to collective bargaining coordination is less centralised and top-down structured. The European-level sector organisation UNI Financee coordinates and actively supports coordination initiatives. Wage bargaining however is considered as to be exclusively in the realm of national unions. Despite the high concentration in the sector arising from the dominance of large companies – which are however predominately operating in national markets – the transnational company-level as the the primary field for cross-border action is of greater importance than the sector-level.

9.6.5.1 Trade union actors' perceptions on transnational coordination against the background of internationalised markets

The wave of mergers and acquisitions in the finance sector is perceived as the prior force that drives union-led coordination activities. In this respect, UNI-Europa Finance launches joint campaigns and pursues lobbying strategies in cases of major take-overs. However, trade union activists admit that their power for action – mainly backed by the support of the public opinion – is limited in influencing managerial decisions. An important source of power that

increases the capacity for action on the employees' side is to obtain on-time information of planned mergers and take-overs. Thus, the major problem of trade union and employee representatives is the lack of information from management as far as future merger activities are concerned. Employee information policy of multinational finance companies is to a large extent determined by corporate law and stock exchange rules. Employee information rights are restricted under US stock exchange rules which apply to a greater extent also to MNC operating in Europe. Thus, higher European standards of worker information rights are undermined to an increasing extent by the internationalisation of capital markets. The direct effects of the asymmetry of power between labour and capital are reported to be most vigorous in the context of cross-border action by MNC management. Nevertheless, trade union respondents claim that transnational strategies of joint action are the most important instrument to counter business' fairly unrestricted scope of action. However, finance sector trade unionists state that this is to be reached best on the transnational company level.

9.6.5.2 Trade union actors' perceptions with regard to central and de-central coordination approaches

In general, both transnational bargaining coordination initiatives led by unions and European social dialogues on the sector level are considered as complementing each other. Tough, one respondent asserts that in transnational union networks it is often easier to identify common topics since participants do not have to follow the strict time frames imposed by the European Commission within the framework of European social dialogue (Interview 2 UNI-Europa Finance 2007) . On the other hand, the potential of achieving binding agreements concluded in European social dialogues on the sector level is perceived as particularly relevant.

Surprisingly, the process of interest unification *between* trade unions is described as one of the most difficult tasks related to European-level social dialogue. In this respect, institutional heterogeneity and diverging collective bargaining practices in the member states are inhibiting the process of interest identification and unification among national trade unions. The principle of implementing agreements achieved in European social dialogues on the sector level feeds back to the initial phase of dialogue, that is, intra-organisational decision-making within the EIF. The question of whether to address a certain topic in the European social dialogue or not is closely linked to the role of the national social partners in implementing common standards. Hereby, the discussion on how to – and to what extent – involve national social partner organisations is perceived as decisive by one of the key bargaining policy coordination experts of UNI-Europa Finance. In this respect, the ambiguous nature of the interest unification process within the unions' side compared to the clear position of the employers' side becomes

manifest:

'Within the trade unions the main controversy centres around the question of how meaningful – and relevant – certain joint positions are and how they are implemented at national level. Employers tend to deal with social policy issues on the national level and our opinion is that the European level should appear - as to counterbalance this tendency' (Interview 2 UNI Finance 2007).

The dialogical pattern of interest formation of organisations representing labour (see section 1.5.2.3) results in the problem of delineating competencies between national member organisations and European peak-level federations. The regulatory interests of both levels are partially contradictory. In contrast, business interests in social dialogue are unambiguous and clearly defined.

One of the respondents gave a slightly different assessment of the relationship between central and de-central mechanisms of Europeanisation. Topics that are addressed in the European social dialogue could in principle also be taken up in bi- or multilateral cross-border initiatives led by trade unions (Interview 1 UNI-Europa Finance 2007). Thus, the changeable nature of both instruments may result in a competitive relationship between them. Due to restricted personnel resources trade unions embark only on one of the two approaches in order to avoid costly double-tracked strategies. However, it is stated that in terms of financial means, European social dialogue is not particularly demanding. It is rather the aspect of credibility – both vis-à-vis member organisations and the employers' side – of embarking on one or the other approach that is of relevance. Once one strategy is pursued, it is difficult to change onto another trajectory.

9.7 Cleaning Industry

9.7.1 Economic background

According to UNI Property Service currently around three million people are employed in the European cleaning industry. Given the high percentage of undeclared work in the sector, this figure could easily be doubled (Interview UNI-Europa Property Services 2007). The cleaning sector is a growing industry in terms of employment. The number of salaried workers in commercial cleaning (NACE code k747) has risen by around 15 % from 2002 to 2006 in the EU27 whereby the largest increases have been reported for Italy (i.e. above 220 %), Romania and Bulgaria (i.e. around 170 %) and Latvia (approximately 110 %) in the period under consideration (Eurostat 2008a). These figures however refer only to declared employment, the percentage of undeclared workers is considered as to be particularly high in the cleaning sector. The sector is dominated by small and micro-enterprises (IST 2004) although 3 % of the largest companies, i.e. those with more the 500 employees, account for almost half of the industry's turnover (ibid.). According to a study of the European Federation of Cleaning Industries (EFCI) from 2003, Germany accounts for the largest number of salaried workers in the European cleaning industry, followed by the United Kingdom, France, Spain and Italy (IST 2004). These countries represent the largest markets, accounting for almost 70 % of the total turnover in Europe (ibid.). Blue-collar workers and women are the largest employee groups in total employment, i.e. 86 and 76 %, respectively. Likewise, the number of immigrant workers is particularly high in industrial cleaning (Interview UNI-Europa Property Services 2007). The share of part-time workers in the totality of employees is high in the sector (Interview UNI-Europa Property Services 2007). In 2006 the share of part-time workers in the total number of workers in the sector has amounted to approximately 29 % in the NACE category 'other services', compared to around 7 % in the manufacturing industries and 18 % for all NACE classes in the EU27 (Eurostat 2008b). In general, the level of skills is low in the industry. Absenteeism and turnover are high and bring about a discontinuity in employee relationships. Thus, due to the high risk that employees leave the company and work for a competitor, employers generally refrain from investments into training and qualification. Wages are generally low in the cleaning sector. Due to low wages and labour conditions as well as non-standard (e.g. very late or early) working hours, the attractiveness of cleaning jobs is low.

Another particularity of the cleaning sector is its dependence on public procurement. Public authorities account for a large part of the demand for cleaning services. Compulsory competitive tendering is a widely used practice in the cleaning industry that sharply increased price competition among suppliers of cleaning services. Outsourcing and the supply 'all

included' services, i.e. cleaning, security, hosting, reception, management of building, gardening, catering, are trends that can be observed in the industry. The combination of integrating cleaning and security services is particularly usual in MNC.

9.7.2 The national systems of industrial relations in the cleaning sector

In the following sections the sector-related systems of industrial relations will be analysed with regard to institutional key features. The countries are classified according to the degree of fragmentation of the union system of the cleaning sector, the inclusiveness/exclusiveness of the sectoral collective bargaining systems indicated by the prevalence of the practice to extend collective agreements and the sector's collective bargaining coverage rate, the predominant mechanisms for the coordination of collective bargaining as well as the union density in the western European cleaning sector. The cleaning sector is defined in terms of the classification of economic activities in the European Community (NACE). To put it more specifically, the sector refers to NACE class 74.7, i.e. industrial cleaning. All trade unions considered in Table 57 (Annex 7) are derived from the study on the representativeness of social partner organisations in the cleaning sector (IST 2004) which served as a guide of reference for the European Commission's decision to recognise UNI-Europa Property services on the unions' side and EFCI (The European Federation of Cleaning Industries) on the employers' side as European social partners entitled to participate in the European social dialogue in the cleaning sector.

9.7.2.1 Representative domain concentration/fragmentation of the union system

The degree of concentration or fragmentation of the sectoral trade union system as one of the major factors for collective action (cf. section 1.5.2.4) on the national macroeconomic level is also of relevance when it comes to cross-border activities of unions. As postulated in hypothesis 6 (cf. section 4.1.6), a high degree of union fragmentation hinders collective action and therefore transnational initiatives aiming at the concertation of collective bargaining policies. Two factors determine the degree of a trade union system's fragmentation/concentration, i.e. the number of trade unions in a sector, and the extent to which organisational domains overlap between these unions (cf. section 5.1.1). Table 38 aims at categorising the countries' union systems in the cleaning sector whereby three types can be identified. The distinction is drawn first between countries which feature a single union system with only one sectoral trade union existing or equally, a 'quasi-single' union system with more

than one union the domains of which are however *not overlapping*, and second, between countries which are characterised by a moderate degree of domain fragmentation whereby the organisational domains of the sector-related unions are mainly differentiated along functional lines such as sub-parts of the sector and/or different employee groups. Trade union systems of the second type are typically not burdened with major problems of inter-union competition due to the existence of more or less specialised organisations organising a certain segment of the sector or a specific group of the sector's employees. The third type of union systems features a considerable degree of inter-union competition and rivalry due to widely overlapping organisational domains of the sector-related unions.

With regard to the cleaning sector, union fragmentation is comparably low and reaches levels such as in the metal sector that is characterised by a relatively homogeneous pattern of organisation of labour market interests (see table 38). Six out of the 14 countries under consideration feature a single or 'quasi' single union system summarised under category 1. In Germany, Greece and Ireland only one representative union organises workers in the cleaning sector. In contrast to Germany where one sectoral trade union (i.e. IG BAU – Construction, Agricultural and Environmental Workers Union) organises workers in the cleaning industry, in Ireland and Greece cleaning sector workers are organised within the multi-sectoral domains of the two peak federations, i.e. OIYE (The Greek Federation of Private Sector Employees) of Greece and SIPTU (The Services Industrial and Professional Union) of Ireland. In Austria, distinctive organisations for blue- (i.e. the *vida* trade union⁸⁷ and GBH – The Union of the Blue-collar workers of the Construction Industry, Wood Working and Wood Processing Industry) and white-collar workers (i.e. GPA-DJP – Union of Salaried Private Sector Employees, Graphical Workers, Journalists and Paper Workers) are existing in the cleaning industry. The share of cleaning sector workers which fall into the organisational domain of GBH is however small⁸⁸. In Finland, no major overlaps are reported to arise between the three largest and most representative sector-related unions, i.e. PAM – Service Union United organising blue-collar workers in the private sector, TU – Union of Salaried Employees and VAL – The Finish National Union of State Employees and Special Services. The same holds true for sector-related unions in Sweden where the Swedish Building Maintenance Union – FASTIGHETS

⁸⁷ The *vida* trade union was formed in a merger of GHGPD (The Union of the Blue-collar Workers of Hotels, Restaurants and Personal Services), GdE (The Union of Railway Workers) and. HTV (The Union of Workers in Commerce, Transport and Traffic) in December 2006. Vida is a multi-sector organisation that comprises three sections, i.e. 'transport', 'social, personal and health services' and 'private services' which cover blue-collar employees in occupations related to tourism, commerce, cleaning and maintenance, as well as private security services.

⁸⁸ For instance, the small group of chimney cleaners fall into the functional/sectoral domain of GBH.

organises the largest share of cleaning sector workers, and a smaller fraction of employees in the sectors are organised within Unionen, the largest private sector white-collar workers union which resulted from a merger of HTF (The Salaried Employees' Union) and SIF (The Swedish Union of Clerical and Technical Workers) on 1 January 2008, and LEDARNA (The Swedish Association for Managerial and Professional Staff). Overlaps with regard to the organisational domain are neither existing between those three organisations, nor between them and the other reported sector-related union, i.e. KOMMUNAL (The Swedish Municipal Workers' Union), which organises workers in the public sector.

In line with the other two Scandinavian countries considered in this study, workers' organisation follows functional lines also in Denmark, where separate organisations are existing according to occupations or employee status. However, in contrast to trade union organisation in the Finish and Swedish cleaning sector, domain overlaps are arising between 3F - Fagligt Fælles Forbund (United Federation of Danish Workers)⁸⁹, the section Cleaners' Union of DFF-S (Danish Clerical Union) and the Danish Plumbers' Union which organises a small fraction of workers in the cleaning sector (i.e. chimney sweepers). The fourth sector-related union, i.e. FOA (National Union of Public Employees), has a clearly distinct membership domain. Although in the Netherlands workers' organisation follows confessional/political lines, the country's union system is classified as being characterised by a moderate degree of inter-union competition since only the two main federations, i.e. FNV Bondgenoten and CNV Bedrijvenbond, are reported to organise workers in the cleaning sector. In Portugal major domain overlaps are existing in particular between the blue-collar-worker unions SLEDA and STAD (comprising mainly personal and business-related services) and between SITESE and SITESC mainly organising white-collar workers. In the United Kingdom domain overlaps are arising from the multi-sectoral structure of general unions covering workers in the cleaning industry, i.e. T&G which merged with Amicus in order to form Unite in May 2007, GMB and Unison. Other sector-related unions are also characterised by multi-sectoral though more specialised domains, i.e. PCS (The Public & Commercial Services Union) and USDAW (Union of Shop, Distributive and Allied Workers).

A considerable degree of inter-union competition is existing between the sector-related unions in Spain, France, Italy and Belgium. In Spain and Italy, the organisational domains of several

⁸⁹ Fagligt Fælles Forbund (3F) was formed in a merger of the National Union of Women Workers (*Kvindeligt Arbejderforbund i Danmark*, KAD, which organised the largest share of cleaning workers and featured a sectoral density of more than 80 % (IST 2004), and the Danish General Workers' Union (*Specialarbejderforbundet i Danmark*, SID) in 2004.

unions affiliated to the main federations are overlapping to a large extent. In Italy this is the case for the CGIL-affiliate FILCAMS, FISASCAT affiliated to CISL, UGL Environmental Hygiene and – to a lesser extent – UIL Transporti. In Spain the shares of cleaning sector workers organised by the sector-related organisations of the two peak federations CC.OO and UGT, i.e. FAADD-CC.OO (Diverse Activities Federation of Workers' Commissions) and FES-UGT (Services State Federation of General Workers' Union), are comparably large (IST 2004). In addition, a number of smaller unions are organising workers in cleaning sector or in parts of the sector whereby the organisational domains are differentiated along regional/federal provincial lines. In France and Belgium workers are organised according to political and/or regional as well as occupational lines. Thus, large domain overlaps are existing between the Belgian socialist and multi-sectoral union FGTB and the christian CSC-AS (the Food and Services section of the CSC) on the one hand and between the white-collar unions CNE-GNC (Christian Wallonian) and LBC-NVK (Christian Flemish), the socialist SETCa and the liberal CGSLB on the other hand. In France the largest domain overlaps are arising between the reported sector-related organisations affiliated to the country's main federations, i.e. the Service Federation of CFDT, the Equipment, Environment, Transport and Services Federation of CGT-FO, FNES-CGC organising managerial staff, the Commerce, Services and Sales Federation of CFTC and the Port and Docks Federation of CGT (IST 2004).

Tab. 38 – Typology trade union system in the cleaning sector

Index sum:	Type of trade union system	Countries (index sum)
0 – 1 points : low degree of fragmentation	Category 1: Single union system, 'Quasi'-Single union system	AT (0), FI (0), DE (0), GR (0), IR (0), SW (0)
2 – 4 points: medium-level degree of fragmentation	Category 2: Functional diversity and moderate union competition	NL (2), DK (4), PT (4), United Kingdom (4)
> 5 points: high degree of fragmentation	Category 3: Political/religious/territorial cleavages and high degree of union competition	ES (5), FR (5), IT (5) BE (6)

Source: see table 66, Annex 7

9.7.2.2 Extension Practice and collective bargaining coverage

In general, collective bargaining coverage in the cleaning sector is comparably high (unweighted average for the countries under consideration for which data was available is approximately 85 %). However, it has to be noted that the figure of cleaning sector workers covered by any collective agreements at all was referred to the number of registered workers in the sector. Since the share of undeclared workers in the total of cleaning sector workers is comparably high (Interview UNI-Europa Property Services 2007), coverage rate is burdened with an upwards bias. collective bargaining coverage in the western European cleaning sector ranks from less than 10 % in the United Kingdom to up to 100 % in Belgium, Finland and Portugal (cf. table 67, Annex 7). In 11 out of 12 countries, collective bargaining coverage in the cleaning sector exceeds 80 %. The high coverage rate is partly the result of the pervasive practice of extending collective agreements to all employers in the respective field/s of application. This extension in the narrow sense, i.e. 'erga omnes', is applied in a number of countries, i.e. in Belgium, Finland, France, Germany and the Netherlands. In addition to extension in the narrow sense, a more extensive mechanism of declaring collective agreements binding beyond its original sectoral scope ('extensión') in areas where no collective bargaining is carried out due to the lack of representative and officially recognised bargaining parties, exists in Spain and Portugal among the countries under consideration. However, the mechanism of extending collective agreements beyond its original sectoral scope is not applied in the cleaning sector. In the Portuguese cleaning sector, wages and working conditions are determined through legally binding 'collective work contracts' (CCTs) which cover 100% of employees in the sector (IST 2004). In Spain, no information on the collective bargaining coverage in the cleaning sector is available. It can however be assumed that the sector-related collective agreements are not covering the entirety of workers in the cleaning sector through the automatic extension of a collective agreement signed by parties which represent more than 50 % of employees in the sector. Despite the fact that organisational densities of both trade unions and employers' associations in the sector are partly far below 50 % (IST 2004), the collective agreements concluded by bargaining parties of the provincial level cover all companies in the sector. Since collective bargaining takes place predominantly on the provincial level, it can be inferred that the majority of workers in the cleaning sector is covered by collective agreements. It can be further assumed that in the Spanish cleaning sector the principle of automatic extension (EC 2006) is applied in a more amply way in order to ensure that working conditions in the cleaning sector are regulated by collective agreements.

In most of the countries under consideration, collective bargaining coverage in the cleaning sector is more or less in line with the aggregate collective bargaining coverage rate (Marginson and Traxler 2005). The almost total coverage of cleaning sector workers in Belgium is the result of the regulation of the sector's wages and working conditions through bipartite bodies. Two Joint Committees conclude several collective agreements for the cleaning sector. In the Netherlands, where the collective bargaining coverage rate in the cleaning sector exceeds 80 %, the sectoral agreement was subject to a general extension. The cleaning sector stands out in this respect since the practice of extending collective agreements is generally limited in the Netherlands (Traxler 1998a).

Only in two countries large differences between aggregate collective bargaining coverage rates and the bargaining coverage in the cleaning sector can be observed, i.e. in Ireland and Germany. In Ireland, the strikingly high collective bargaining coverage rate of 93 % results from the co-existence of a voluntary framework of collective bargaining on the inter-sectoral ('Programme for Competitiveness and Fairness 2002' and 'Sustaining Progress Agreement 2003-2005') and sectoral level (i.e. collective agreements in the framework of the 'Employment Regulation Orders Contract Cleaning') and the regulation of some working conditions in parts of the cleaning sector by law (IST 2004). The high collective bargaining coverage in the German cleaning sector is the result of pervasive extension practice on both the national and the regional level. For instance, in 2004 the framework agreement at national level as well as a number of regional-level collective agreements have been declared as binding for all employees in the sector, irrespective of whether the employer has joined the employers' organisation (IST 2004). The far-reaching practice to declare collective agreements binding to all employers in the sector in the German cleaning sector does not correspond to the general pattern of a rather limited extension practice in this country (Traxler 1998a, Traxler et al. 2001).

9.7.2.3 Characteristics of the sector-level collective bargaining system

The typology below (cf. table 39) aims at categorising countries according to the responsiveness of their collective bargaining system in the cleaning sector. The index the measures the degree of responsiveness comprises both sector-specific and general, national elements of the collective bargaining system. Three indicators of the institutional system are of relevance in this respect: First, the pre-dominant level of collective bargaining which varies not only across countries but also within countries across sectors, second, the existence of pattern bargaining as a de-central and covert mechanism for the coordination of collective bargaining, and third, the existence of both legal provisions that ensure compliance of lower-level

collective bargaining agents to the provisions stipulated in the collective agreement. The latter two determinants of the responsiveness of collective bargaining arrangements represent institutional characteristics of the *national* system of industrial relations. Hence, they do not vary across sectors.

In seven out of the 14 countries under consideration collective bargaining in the cleaning sector is takes place within an institutional bargaining setting that is characterised by a low responsiveness (see table 39). In the case of the United Kingdom, this is due to the fact that collective bargaining in the cleaning sector takes place almost exclusively on the company-level. Although the de-centralised determination of wages and working conditions does not require all-encompassing mechanisms for the vertical coordination of collective bargaining (cf. section 5.1.2), uncoordinated bargaining – as it is the case in the United Kingdom – is not responsive to changes in monetary policy. Thus, the capacity of the bargaining agents to bring their wage policy decisions in line with the monetary policy goals of the European Central Bank is limited (Traxler 2003). Belgium and the four Mediterranean countries share communalities insofar as collective bargaining in the sector of industrial cleaning takes place mainly at the sector level and the legal pre-requisites that ensure a high vertical co-ordination of collective bargaining are lacking. Since the mechanism for the *coordination* of collective bargaining across sectors and groups of employees in these countries are highly *centralised*, i.e. on the level of the *peak-organisations* of labour market interests (i.e. in Spain, Portugal) or through (a varying degree of) *state intervention* in wage policy (i.e. Italy, France and Belgium), deficiencies with regard to the vertical coordination become apparent (cf. section 5.1.2). In the case of Denmark, the collective bargaining system in the cleaning sector is classified as a low responsive one due to the high degree of de-centralisation of collective bargaining which limits the transnational coordination of collective bargaining policies. However, the *de facto* responsiveness of the Danish system of collective bargaining is high due to the system's capacity to ensure the vertical coordination of collective bargaining.

The collective bargaining system of the cleaning sector in six countries out of 14 is categorised as being characterised by a high formal responsiveness due to the existence of the legal provisions which ensure the compliance of lower-level bargaining actors to the provisions set in the collective agreement. This applies to all countries subsumed under category 2, with the exception of Ireland (i.e. Finland, Germany, Greece, the Netherlands and Sweden) where the legal bindingness and enforceability of collective agreements is not guaranteed. Thus, the *de facto* responsiveness of the Irish collective bargaining system is clearly limited. However, with regard to the transnational dimension of collective bargaining, a higher centralisation – as it applies in the Irish cleaning sector – is conducive to the coordination of collective bargaining

(cf. section 4.1.7).

Only one country, i.e. Austria, is classified as being characterised by a highly responsive sectoral collective bargaining system. Despite the fact that both in Austria and Germany collective bargaining is coordinated through the mechanism of pattern-setting by an export-orientated sector, i.e. the metal sector, only Austria is considered in category 3. This between the two countries arises from the fact that in Austria collective bargaining is less de-centralised than in Germany where collective bargaining in the cleaning sector takes place on the sectoral and company level to an equal extent. With regard to the *transnational* dimension of collective bargaining, the conditions for the cross-border concertation of sectoral collective bargaining policies are less favourable in a framework of de-centralised collective bargaining than in an institutional setting where collective bargaining takes place on the inter-sectoral or sectoral level as it is hypothesised in section 3.7.

Tab. 39 – Typology collective bargaining system cleaning sector:

Index sum:	Type of collective bargaining system	Countries (index sum)
0-1	Low responsiveness of collective bargaining system: lack of institutional prerequisites to ensure vertical co-ordination	United Kingdom (0), BE (1), DK (1), ES (1), FR (1), IT (1), PT (1)
2-3	High formal responsiveness of collective bargaining system: supportive legal prerequisites to ensure vertical co-ordination	FI (2), DE (2), GR (2), IR (2), NL (2), SW (2)
<= 4	Highly responsive systems dominated by pattern bargaining	AT (4)

Source: see table 68, Annex 7

9.7.2.4 Density of the sector-related trade unions

Trade union densities in the cleaning sector of the EU15 (cf. table 40) are lower than the national aggregate density rates (EC 2006) in most of the countries considered in this study. Only in Italy and Spain the union density in the cleaning sector derived from the membership of the most important unions in the sector for which data was available exceeds the aggregate

national density rate. Italy reports a particularly high union density rate for the cleaning industry, i.e. above 43 %, compared to an aggregate density of 28 %. The findings on union density in the cleaning sector have to be interpreted with care since it is opposed to the finding that in Italy union organisation among unskilled blue-collar workers – which tend to constitute the majority of cleaning sector workers – is lower, i.e. 23 %, than union organisation on the aggregate level (EC 2006). Likewise, union density in the Spanish cleaning sector has to be regarded with reservation since it exceeds the density rate for blue-collar workers, i.e. 14 %, which in turn is somewhat lower than the national aggregate union density (i.e. 16 %).

Since the majority of workers in the cleaning sector are unskilled blue-collar workers, trade union organisation among this group of workers serves as a reference point in order to assess union density in the cleaning industry. With the exception of Spain, Finland and Italy, union density rates in the cleaning sector are lower than density rates of unskilled blue-collar workers. The largest differences between trade union organisation among unskilled blue-collar workers and that of cleaning sector workers exist in *Belgium*, i.e. a density rate of 37 % in the cleaning sector compared to a density rate of unskilled blue-collar workers of 67 %, in *Finland* where the sector's density (i.e. above 41 %) is generally low compared to other sectors or groups of workers, including unskilled blue-collar workers (i.e. 72 %). The same organisation pattern can be observed in *Sweden* where union organisation among cleaning sector workers is considerably lower than that of unskilled blue-collar workers in general (i.e. 74 %). A similar pattern of considerably weaker worker organisation is also reported for the *Netherlands* although on a generally lower level (i.e. union density in the cleaning sector of around 7 % compared to a union density of 23 % for unskilled blue-collar workers).

As table 40 shows, the level of trade union density rates in the cleaning sector of the countries considered is comparably low. In half of the countries under consideration trade union density in the cleaning sector is below 25 %, in another five out of 14 countries it is between 30 and 45 %. Only in Denmark trade union density rate in the cleaning industry is comparably high, i.e. 79 %.

In the case of France and Portugal, data was only available for a certain number of sector-related unions (for both blue- and white-collar workers) which have been referred to the total number of employees in the sector. Thus, a minimum measure for the sectoral density that is in line with general organisational patterns of typical workers in the sector (i.e. unskilled blue-collar workers) has been estimated in order to avoid a down-ward bias of the aggregate sectoral density. In the case of Belgium data is only available for one union organisation, i.e. FGTB, that however mirrors workers' organisation in the cleaning sector in general according

to findings from expert interviews. Estimates on the sectoral union density for Greece have to be considered with caution since it is based on membership figures referring to a certain segment of public sector cleaners (IST 2004). Thus, it can be assumed that union density in the private segment of the cleaning sector is lower.

Tab. 40 – Density of sector-related unions – cleaning sector

Density rates	(aggregate ^a) sector density
< 25	ES (~ 23 %), FR (~ 8 %), DE (7 %), GR (< 20 %), IR (25 %), NL (7 %), PT (> 15 %)
< 50	AT (35 %), BE (37 %), FR (> 41 %), IT (> 43 %), SW (45 %), United Kingdom ^b (30,5 %)
51-69	-
> 70	DK (79 %)

Source: Table 69, Annex 7;

^a Due to the incompleteness of reported data, sector density is derived ideally from membership data on *all* of the reported sector-related unions as it is the case for Denmark, Spain, the Netherlands and the United Kingdom divided by the number of employees in the cleaning sector (IST 2004). If membership data was available only for the *most important* sector-related unions, a minimum measure based on membership data of these trade union organisations referred to the sector's total of employees is used as an estimate for union density in the sector (i.e. France and Portugal). The *organisational* densities of the *most important* unions in the sector with regard to their organisational *domain* are referred to as sector densities in the case of Austria and Belgium since membership data of *all* other sector-related organisation is lacking.

^b In the case of the United Kingdom only general unions are organising workers in the cleaning sector. Since membership data in the cleaning sector is not available, an estimate has been derived on the basis of union densities among personal service occupations (Grainger and Growther, 2007).

9.7.3 MNCs as the focal point for UNI Property Services European-wide strategies for the improvement of labour standards and working conditions

The coordination of collective bargaining policies across-border is no prior aim for the cleaning sector's EIF, UNI Property Services. Although collective bargaining coverage rates are reported to be relatively high (see section 9.7.2.2), sector-related national trade unions are in a particularly defensive position. Thus, collective agreements in the cleaning industry often provide for the lowest pay rates compared with those in other industries. In the cleaning sector the share of statutory or collectively agreed on minimum-wage earners in total employment is

reportedly high (Interview UNI-Europa Property Services 2007)⁹⁰. Atypical forms of employment such as agency and temporary (Eurostat 2008c) employment are widespread. The share of part-time workers in the other private sector services is above the EU27 average, i.e. 29 % in the majority of countries (e.g. Slovakia, Czech Republic, Estonia, Malta, Italy, Spain, Ireland, Luxembourg, France and Denmark (see section 9.7.1). In the Netherlands where part-time work is most common within the EU, the share of part-time workers in other community and personal services is almost 70 % (Eurostat 2008b). The high percentage of immigrant workers in the sector (cf. section 7.1) is considered as a hindrance for trade union organisation as these groups of workers are generally difficult to recruit (Interview UNI-Europa Property Services 2007). Despite the large proportion of atypical and immigrant employment, the collective bargaining coverage rate in the cleaning sector is relatively high in the western European member countries (see section 9.7.2.2) with the exception of the United Kingdom. The collective bargaining coverage rates ranges from above 80 % in the Netherlands to a de facto full coverage of all workers employed in the sector in Belgium (IST 2004). However, it has to be kept in mind that the high percentage of 'irregular' and 'undeclared' workers is not considered in these estimates. Despite the presence of large MNC, a large part of cleaning services providers are SME that are generally well integrated in the scope of collective bargaining systems. Only in a few countries such as the Netherlands collective bargaining activities of trade unions are predominantly carried out on the company level.

As far as the transnational coordination of collective bargaining policies is concerned, UNI Property Services member organisations are not actively promoting a Europe-wide approach. Due to their defensive position, unions are mainly concerned with organising members and improving their representativeness. Thus, resources are scarce and legitimacy to re-direct them to the European level is not supported by the rank-and-file. This is particularly true for workers' organisation in the CEEC where the cleaning sector is a largely 'un-organised zone' (Interview UNI-Europa Property Services 2007). This is due sector particularities such as the fact that cleaning is still to a large extent carried out as an 'in-house' service. Thus, cleaning workers are affiliated to the respective union in the domain of activity of the employer. However, outsourcing cleaning services is also an increasing trend in the 'new' member countries.

The lack of a 'leading' union that actively promotes cross-border coordination of collective bargaining requires a strong coordination role of sector's EIF. The organisational structure of UNI-Europa that includes a range of sectors such as finance, commerce and

⁹⁰ More substantiated empirical evidence is though difficult to obtain from Eurostat and other sources as sector-aggregated data on minimum wage earners are not available

telecommunication, follows a cross-industry approach of ensuring working conditions on the European level. The nature of property services, i.e. its additional character, strongly links it with other industries. Cleaning services are provided in private companies of various sectors as well as the public sector. Therefore, UNI Property Services established its so called 'contracting policy' aiming at 'good practice' of companies in various sectors such as banking and finance when bidding for cleaning and security services. Since UNI Property Services directs this policy mainly to large and multinational companies European Works Councils (EWCs) play an important role in providing information and monitoring policy implementation. Co-operation between UNI-Europa Sectoral Federations (e.g. between UNI Property and UNI Finance) in certain areas of activity are common.

A large extent of cleaning services is provided in the public sector whereby public authorities and agencies bid for these services. Best practice in public procurement of cleaning services is thus an important goal of UNI Property Services, in particular in the framework of European social dialogue on the sector level (see section 9.7.4 below). Likewise, the increased integration of services, also referred to as 'all-included services' to businesses, such as cleaning, security, hosting, reception, management of building, gardening and catering, that are provided by MNC required an integrated approach to improving and maintaining working standards for workers in different branches such as cleaning, private security and building maintenance.

The coordination of wage bargaining is not an issue that is addressed in an organised Europe-wide approach by UNI-Europa Property Services. Neither a web-page based reporting system on collective bargaining information nor the adoption of common criteria for wage bargaining are applied in the cleaning sector. Due to the limited importance of collective bargaining as an issue for transnational policies among the member trade unions, the establishment of a more formal structure for collective bargaining coordination on level of the EIF is not a prior goal in the immediate future. Indicatively, the online-documentation of collectively negotiated wage accords and other collective bargaining topics is accessible for UNI-Europa Property's members via the so called 'Social Dialogue Forum'.

9.7.4 European Social Dialogue in the Cleaning Sector

European social dialogue in the cleaning sector dates back to 1992. In 1999 the informal working group has been transformed into the newly established sector committee. The most important topics for dialogue are health and safety such as ergonomics, best practice in public procurements and working time. However, it has been stated that the European social dialogue in the cleaning sector is not functioning very well (Interview UNI-Europa Property Services 2007). The focus of activity is limited to drafting manuals on health and safety topics (2000) and best practice concerning awarding contracts for cleaning services (2001) and formulating declarations on topics such as working time such as day-time cleaning (2007). The practical impact of joint declarations is very limited due to the lacking engagement of employers in implementing the declared provisions. Even the political impact of declarations produced in the European social dialogue is assessed as being at least 'short-term' (Interview UNI-Europa Property Services 2007). Employers' commitment can be observed only on a very small scale, mostly with regard of single topics. For instance, Belgian employers are reported to take a more active role in promoting daytime work (ibid).

According to trade union respondents, the main problem is not the implementation of common declarations but overwhelming competitive pressures that force client companies to select cleaning services only in terms of their costs. Thus, even if service providing companies agree on implementing the criteria formulated in the social dialogue, their influence is limited with regard to enforce their adoption in the client companies. The most controversial topic is reported to be the 'Services Directive' (Directive 2006/123/EC) that was rejected by UNI-Europa Property Services. Likewise, daytime cleaning turned out to be a protracted issue that required more extensive research before negotiations could start. In general, the European social dialogue in the cleaning industry has lost much of its dynamic in the last years.

9.7.4 Trade union actors' perceptions in the cleaning sector

9.7.4.1 Trade union actors' perceptions with regard to European sectoral social dialogue and union-led cross-border coordination initiatives

Since structures for the cross-sectoral collective bargaining coordination are lacking on the level of the sector's EIF and collective bargaining policies are co-ordinated almost exclusively within the framework of European social dialogue, the perceptions of social partners are predominantly focused on the European social dialogue in the cleaning sector. As far as constellations of decision-making and influencing collective bargaining coordination policies according to national lines are concerned, the Belgian trade unions are reported to have taken on an important role. Due to their strong tradition in tri-partite social dialogue on the national level, they have been active in promoting innovation and best practice with regard to collective bargaining results and practices. Other countries such as Sweden and the United Kingdom are not regularly represented in the social dialogue meetings. The Nordic's scepticism vis-à-vis 'Europeanised' collective bargaining coordination strategies can be also observed among the social partners of the cleaning sector. The strengths of national social dialogue in the Scandinavian countries and the perceived superiority of their own industrial relations system results in the trade unions' reluctance to actively participate in European social dialogue. In contrast, the British absenteeism in European Social dialogue originates in their complete lack of knowledge and practice of social partner involvement in macroeconomic social policy concertation. A certain 'North-South'-divide can be observed also on the employers' side. Those employers coming from countries with strongly institutionalised structures and practice for social dialogue are more willing to engage into dialogue on the European level than those from the – predominantly southern-European countries – where dialogue traditions in the sector are weaker.

The lacking engagement of trade unions from the CEEC is due to the weakness of labour interest organisations. This finding which is a common feature of trade union organisation in the 'new' member countries in general, is exacerbated by the fragmented structure of the cleaning sector. The provision of cleaning services is to a large extent integrated within other services providing and industrial companies such as banks or public agencies. The 'additional' character of cleaning services is underlined by the still very unusual practice of outsourcing these rather basic services to specialised provider companies. The integration of cleaning staff in a company's general workforce constitutes one of the largest obstacles for the organisation of these workers. The problem of foreign language skills is considered as one of the major

problems for coordinating collective bargaining policies across borders.

With regard to the role of the European Commission trade union actors are complaining about its focus on the quantitative outcome of the European social dialogue. Social partners on labour's side repeatedly point to the generally weak substantial results of the sector's dialogue. However, the Commission clearly refrains from interfering in the social partners' dialogue activities in order to strengthen the material and substantial content of produced results. The establishment of follow-up mechanisms that are considered in the texts to an increasing extent is assessed as a positive development by both sides of the industry. However, it is stated that the inclusion of follow-up procedures in joint texts turns out to be a difficult and sometimes protracted process due to employers' reluctance to define clear rules for implementation that increase the efficiency of social dialogue outcomes. Topics that are currently promoted by the Commission are restructuring, the services directive (Directive 2006/123/EC) and the cross-sectoral agreement on work-related stress (2004). But even within the sector's EIF agreement on relevant dialogue topics is not reached easily as the discussions about the draft of the so called 'compendium' that lists important issues indicates (Interview UNI-Europa Property Services 2007).

According to trade union respondents, the main function of European social dialogue is not to produce substantive outcomes but to present an instrument for the exchange of best practice and information exchange. However, the political function of European social dialogue is not considered to be of particular relevance due to the limited engagement of the European Commission and the general disinterest of the cleaning sector's employers. However, trade union actors underscore the dynamic nature of European social dialogue that is still perceived as a 'learning' experience. European social dialogue is regarded as a self-promoting process: The precondition to ensure acceptance and efficiency of the instrument is the conclusion of binding results that commit both sides of the industry to implement the agreement. Otherwise the involved actors are unwilling to invest their resources in European social dialogue activities. However, until now European social dialogue did not evolve into an instrument for effective policy coordination. Thus, the bleak assessment of European social dialogue in the cleaning sector is not surprising (Interview UNI-Europa Property Services 2007). Employers agree in their blank rejection of entering into the dialogue whereas among trade unions there is no clear position on entering into social dialogues. The strong unions from countries with highly institutionalised systems of industrial relations are sceptic vis-à-vis European coordination approaches since they fear common standards will undermine their own system of collective bargaining. Thus, it is rather the weak unions which set their hopes in European agreements concluded within the framework of European social dialogue. However, their

influence and capacity for action is even more restricted on the European than on the national level.

9.7.4.2 Trade union actors' perceptions with regard to central and de-central coordination approaches

Similarly as in other sectors, union-led collective bargaining coordination initiatives on the one hand, and the European social dialogue on the sector-level are perceived as two instruments of the Europeanisation of collective bargaining that are mutually complementary. However, inter-union projects are not very numerous in the cleaning sector. Therefore, the involvement of the EIF in coordinating such initiatives is rather weak and is restricted to the provision of information. Conversely, the EIF depends on bottom-up information by the national member organisations. Strikingly, the relatively weak position of the cleaning sector's European peak-level organisation vis-à-vis its members is underscored by the admitted dependence on members' information and support. In the framework of mutually inter-depending top-down and bottom-up activities the provision of legitimacy by national rank-and-files is decisive for building up a forum for transnational action. Most trade unions in the cleaning industry do not consider the European level as an efficient arena for coordinating collective bargaining policies. The main reason for the perceived shortcomings of European-wide action is the fact that employer counterparts are non-existing or reluctant to participate. The focus on national industrial relations and mechanisms of social dialogue and collective bargaining narrows the scope of activity on the transnational level. Thus, national member organisations of cleaning sector's EIF are not willing to direct resources to the European level.

In contrast to other sectors (e.g. the metal industry), the complimentary nature of central and de-central coordination approaches is not contradictory to a perceived substitutability of topics that could likewise be addressed in central and de-central coordination approaches. Thus, the common distinction between 'hard' topics addressed in collective bargaining (e.g. pay, working time) and 'soft' topics such as training and health and safety does not apply in the cleaning sector. However, European social dialogue is considered as an arena to address a wider range of issues.

10. Quantitative Sector Analysis: testing the hypotheses

Based on empirical findings obtained by means of expert interviews, approaches to the transnational coordination of collective bargaining policies in the sectors under consideration follow two principal patterns. In the metal and chemical sectors, collective bargaining coordination is characterised by a predominantly centralised approach. In both sectors, there are elements that indicate a strongly institutionalised, top-down approach to the cross-border coordination of collective bargaining. These include a highly formalised structure for collective bargaining policies in the form of strongly established and highly active policy bodies within the EIF; a monitoring and reporting system set up and maintained by the respective EIF; and an electronic information system on collective bargaining and social policy information. Furthermore, there are pronounced top-down inter-sectoral learning and information exchange processes. This is also reflected in the strong structural and organisational linkage of both sectors within the multi-sectoral network for the Europe-wide coordination of collective bargaining, Eucob@n. This contrasts with the approach to coordination predominant in the other sectors under consideration. Initiatives aimed at the cross-border coordination of collective bargaining policies in the food industry, telecommunications, construction, banking and industrial cleaning typically take a decentralised approach to the transnational coordination of collective bargaining. Bi- or multilateral projects initiated by national trade unions are widespread in these sectors; inter-union initiatives aimed at coordinating collective bargaining issues across borders are characterised by a high level of autonomy for union actors. Involvement of the EIF in coordinating, monitoring or guiding such initiatives is clearly limited or non-existent. The same applies with regard to common, formalised instruments and policy guidelines for the transnational coordination of collective bargaining – wage bargaining in particular – which are reported as being absent from these sectors.⁹¹

The hypothesised relationship was tested between the dual pattern of the Europeanisation of collective bargaining – that is, a centralised, top-down or a decentralised, bottom-up coordination process – and the institutional and economic factors of influence, taking into consideration a number of caveats (see section 10.1), by logistic regression analysis.

⁹¹ This finding does not support the existence of quantitative ‘wage formulas’ in other sectors, such as banking, chemicals and construction (Dufresne/Mermet 2000). At the sectoral level, the European Trade Union Federation adopted a European coordination rule in 1999 (see section 3.2.1), though its implementation has been very limited.

10.1 Methodological remarks: limits of the regression analysis

Results gained through log-linear regression analysis did not significantly contribute to the explanation of the hypothesised relationships between economic/institutional factors and the emergence of a centralised or decentralised approach to collective bargaining coordination in a given sector. The cross-sectoral research design imposes clear limits on the regression analysis as the number of variables is high in relationship to the number of cases. The number of missing values – which frequently occurs in a systematic pattern, for instance, gaps in several categories for a certain country – is high.

Due to the lack of distinctiveness of sector-aggregated data for some of the variables, in particular institutional variables which are strongly determined by the national characteristics of the collective bargaining and industrial relations system, cross-sectoral analysis will clearly be limited. The restricted availability of data, in particular on economic indicators, at the sectoral level is a fundamental problem inherent in sector-based comparative analysis. In a number of cases, sectoral delineations did not correspond to the NACE classifications used as reference categories in the various studies on the representativeness of social partner organisations. The aggregate level at which some of the data – for example, the number of non-EU citizens by economic activity (cf. chapter 7.1) – were gathered tends to be too general compared to industry-based categorisation schemes such as NACE.

The results obtained from the regression analysis should therefore be considered as complementary to empirical findings from expert interviews. As the adoption and development of a certain approach to collective bargaining coordination is strongly actor-driven, the limitations on quantitative analysis do not severely inhibit the explanatory power and insights derived from this study. In order to undertake a comprehensive analytical investigation of the phenomenon in question, the results of both the qualitative and the quantitative analysis are summarised on the basis of a hypothesis-testing approach in section 11.

10.2 Export dependence and union density as influential factors in the Europeanisation of collective bargaining

An investigation of the relationship between the patterns of Europeanisation and their hypothesised institutional and economic determinants yields rather ambiguous statistical results. In the logistic regression of the two types of Europeanisation of collective bargaining on sector-specific variables such as export dependence, FDI, labour mobility, degree of

product market regulation, fragmentation of the trade union system, collective bargaining coverage rate, level of collective bargaining, bargaining coordination and union density, only two of these variables are significant at the 5%-level, namely export dependence and union density (Annex 9).

Export dependence exerts a significant influence on the pattern of Europeanisation. This finding supports the general assumption that bargaining agents in export-oriented sectors that are directly exposed to international competition pursue a more comprehensive strategy of wage determination. Negative externalities resulting from disproportionate pay hikes are taken into consideration by wage bargainers. With regard to the cross-border coordination of collective bargaining, it can be inferred that trade union bargaining actors in highly export-dependent sectors pursue a more stringent, top-down approach to coordination than sectors that are more sheltered from international competition. The metal and the chemical sectors exhibit the highest export dependence (see Table 77, Annex 10). In the metal sector in particular, for which cross-border wage coordination has been proven by quantitative empirical analysis (Traxler 2008a; Traxler and Brandl 2009), policy guidelines and instruments for the European coordination of collective bargaining – and of wage bargaining in particular – were adopted in the early 1990s. The same holds true – though to a more limited extent – for the chemical sector, in which EMU and its implications for international competitiveness are regarded as the main forces driving EMCEF to pursue a transnationally coordinated approach to collective bargaining. Although the effects of EMU are not considered in the quantitative analysis, it can be assumed that it exerts a direct and considerable influence on export conditions through effects such as increased labour cost transparency and the abolition of the exchange rate mechanism to adjust for imbalances in international competitiveness which shift the burden of adjustment directly to wages. The downward pressure on wages arising from increased international competition urged wage bargainers to find strategies to counter business demands for wage moderation. Thus, trade union bargainers in export-oriented sectors were among the first to adopt a top-down, cross-border approach to collective bargaining coordination.

This finding is in line with the hypothesised relationship between a high level of export dependence and the existence of a bargaining coordination approach dominated by a centralised form of Europeanisation (see H5.a section 4.1.5). The coordination approaches adopted in the metal and chemical sectors, which exhibit the highest values of export flows compared to the other sectors considered in this study (see section 7.3), are categorised as representing such a centralised pattern of Europeanisation. To a certain extent this also holds

true for the food industry, which is also comparatively export dependent (see table 77, Annex 10). As the pattern of Europeanisation is conceived as a dual process that arises either in a decentralised or a centralised form, it clearly fails to grasp the complex reality of the dynamics of Europeanisation. Coordination approaches at the transnational level do not necessarily correspond to the conception of a gradual process implying incremental change. Rather, the process of transnational coordination that involves a multiplicity of instruments and strategies may oscillate between centralisation and decentralisation, and incorporate different levels of action succeeding, complementing and affecting each other. Not surprisingly, the coordination approach in the food production sector features more elements of a centralised approach, although it clearly lacks the degree of institutionalisation and formalisation of collective bargaining coordination approaches in the metal and chemical sectors. However, according to empirical evidence obtained by means of expert interviews, the process of inter-sectoral learning and best practice is particularly pronounced between manufacturing sectors such as metal, chemicals and food production. It can be assumed that some convergence will occur in the coordination approaches of these sectors in the future, in the course of which EIF collective bargaining agents in the food sector will orientate their bargaining coordination policies towards the metal and chemical sectors' model of transnational coordination (see section 9.3.3).

The other variable that proves to be significant at the 5%-level is union density. As hypothesised, union strength is a decisive factor in the intra-organisational dimension of collective action. Thus, the higher the organisational density of a member organisation supporting a centralised approach to the transnational coordination of collective bargaining, the more probable it is that other members will follow and comply with collective norms, such as common bargaining criteria and guidelines. However, country effects are not taken into account in the regression analysis; rather the empirical findings that served as a basis to develop typologies of the trade union system in the sectors under consideration are referred to when it comes to verifying hypothesis H5.b (see section 4.1.5). The general finding that a high union density in a sector is favourable to the emergence of a centralised, EIF-driven approach to collective bargaining is complemented by a more detailed analysis of the intra-sectoral interest and power configuration of the sector's union actors in section 11.1.5.

Empirical evidence is scarce for the influence of other variables on the predominant pattern of Europeanisation of collective bargaining. The factors 'product market regulation' and the mechanism of 'collective bargaining coordination' are significant at the 10%-level (Annex 9). Whereas a high level of product market regulation is associated with the emergence of the decentralised pattern of Europeanisation, a high degree of bargaining governability deriving

from the existence of legal pre-requisites to ensure the compliance of lower level bargaining agents to centrally negotiated agreements in a sector is associated with the occurrence of a centralised approach to transnational collective bargaining coordination (see section 4.1.8). However, due to the severe limits on statistical analysis (see previous section) no final conclusions can be drawn from these findings. Regarding the mean values of the variables for product market regulation (Table 80, Annex 10) and bargaining governability measured by the bargaining coordination index (Table 84, Annex 10), the coordination variable (which is also burdened with a large standard deviation) clearly fails to explain a significant amount of the variation in the dependent variable (cf. Table 41). However, the extent of product market regulation is – on average – higher in sectors in which a decentralised pattern of Europeanisation prevails than in the metal and chemical sectors, in which union actors pursue a centralised approach to collective bargaining. This difference is not significant in the regression analysis, however – and should be regarded as a tendency that can be observed in univariate analysis. The variable of product market regulation does not turn out to exert a significant influence on the dependent variable in a multivariate analysis (see Annex 9).

Table 41 depicts mean values and standard deviations of the institutional and economic variables according to the prevailing pattern of Europeanisation of collective bargaining.

Tab. 41 – Frequencies of variables according to the predominant pattern of Europeanisation

	EUCEN ^a	EUDEC ^b
EXP	Mean 25.07986 Std. Dev. 14.89092 50% Percent. 25.60194	Mean 2.318098 Std. Dev. 3.815903 50% Percent. 0.720651
FDI	Mean 6.10191 Std. Dev. 7.49838 50% Percent. 3.036985	Mean 3.591767 Std. Dev. 5.769634 50% Percent. 1.74202
LMOB	Mean 5.687099 Std. Dev. 3.3406 50% Percent. 4.891821	Mean 5.113653 Std. Dev. 4.359769 50 % Percent. 3.885351
PMR	Mean 2.892857 Std. Dev. 1.499118 50% Percent. 2	Mean 5.785714 Std. Dev. 6.622082 50% Percent. 3
FRAG	Mean 3.357143 Std. Dev. 2.627691 50% Percent. 3	Mean 3.588235 Std. Dev. 2.85592 50% Percent. 4
CBC	Mean 85.3125 Std. Dev. 24.38942 50% Percent. 95	Mean 84.55847 Std. Dev. 22.19858 50% Percent. 90
LEV	Mean .6785714 Std. Dev. .4130798 50% Percent. .5	Mean .8642857 Std. Dev. .4656414 50% Percent. 1
COOR	Mean 1.517857 Std. Dev. 1.357299 50% Percent. 1	Mean 1.514286 Std. Dev. 1.126015 50% Percent. 1.25
UD	Mean 59.0625 Std. Dev. 27.03473 50% Percent. 60	Mean 39.95231 Std. Dev. 27.87951 50% Percent. 32

^a Centralised pattern of Europeanisation is predominant in the metal and chemical sectors.

^b Decentralised pattern of Europeanisation prevails in food production, construction, telecommunications, banking and industrial cleaning.

11. Putting the hypotheses to the test – results of the qualitative and quantitative analyses

In the following sections are presented the results of the empirical – both qualitative and quantitative – analysis concerning the hypothesised relationships between the pattern of Europeanisation of collective bargaining and the economic and institutional factors of influence. The results of the sector-based analysis underscore the benefits of a combined analysis approach that includes both qualitative and quantitative methods. The rather limited explanatory contribution of the quantitative analysis and the problems identified with the regression analysis (see above) indicate the importance of including a qualitative approach when it comes to analysing an actor-driven phenomenon such as the transnational coordination of collective bargaining policies.

11.1 Centralised or decentralised Europeanisation of collective bargaining?

As shown above, only two independent variables proved to be significant in the regression analysis, namely export dependence and union density. Testing the hypotheses on the relationship between the predominant form of Europeanisation in the sectors under consideration and the economic and institutional factors therefore requires that the results obtained from both qualitative and quantitative analysis are combined. The results of the combined analytical approach are summarised in the following sections.

11.1.1 Labour mobility: H1.a and H1.b

The factor of labour mobility, which proved not to be significant in the regression analysis, has thus to be tested against empirical findings from the qualitative analysis.⁹² In sectors characterised by high labour mobility, such as construction, the elements of a decentralised approach to collective bargaining coordination prevail. Cross-border trade union cooperation and bi- and multilateral structures for relatively autonomous inter-union activities in the coordination of collective bargaining policies are of particular relevance in the construction sector. The role of the respective EIF is comparatively weak, as no clear top-down approach characterised by a highly formalised and institutionalised policy to collective bargaining

⁹² Data on the employment of non-EU citizens by sector do not differentiate between manufacturing branches and therefore limit the testing of hypotheses H1.a and H1.b through multiple regression analysis.

coordination has been adopted by EFBBW (see section 9.5.3). In manufacturing sectors, however – in which labour mobility is also high compared to the other sectors considered in this analysis – a centralised, EIF-driven coordination approach is being pursued. This differs from the hypothesised relationship between labour mobility and the predominant pattern of Europeanisation (H1.a). However, since data on the number of non-EU citizens employed in a certain sector do not differentiate between different branches of manufacturing, no final conclusion can be drawn with regard to the relevance of labour mobility as a factor influencing policies on the transnational coordination of collective bargaining in the manufacturing sectors considered (that is, metal, chemicals and food production). The lack of ambiguity of labour mobility as an explanatory factor for the emergence of a decentralised or centralised pattern of collective bargaining becomes further evident in the case of the cleaning sector. Although labour mobility is comparatively high in this sector, evidence of a decentralised approach to collective bargaining coordination (H1.b) is weak, according to interviews with relevant EIF representatives. In contrast to the building sector, in which the autonomy of national member organisations is high and inter-union cooperation in the cross-border coordination of collective bargaining is initiated without the pronounced guidance and involvement of the EIF, cleaning sector unions are less active with regard to transnational collective bargaining coordination (see section 9.7.3).

11.1.2 Capital mobility: H2.a and H2.b

The factor of capital mobility, measured as FDI positions, did not prove to have a significant effect on the pattern of Europeanisation prevailing in a given sector. Although the volume of FDI is on average higher in the two sectors characterised by a centralised pattern of collective bargaining coordination – that is, metal and chemicals – than in the other sectors in which a purely decentralised coordination approach is predominant (see section 9.6.3), no empirical evidence of a significant contribution to the explanation of the variability in the dependent variable was found in the multivariate analysis. Likewise, results from the qualitative analysis do not give a clear picture either. In the manufacturing sectors in which investment intensity is high, such as in metals and chemicals, consequences of investment decisions such as relocations are considered as a factor favourable to the setting up of European structures for the coordination of collective bargaining, and of wage bargaining in particular. In the banking sector, however – in which the value of investments is the highest among the sectors considered – a purely decentralised approach to collective bargaining is pursued. The limited explanatory power of FDI for the emergence of a particular pattern of Europeanisation is due to the *type* of investment and its particular effect on the intensity of international competition in a sector. In contrast to the manufacturing sectors, in which investment is primarily aimed at

reducing production costs by making use of wage differentials between countries, FDI in the banking sector is rather ‘market-seeking’, that is, aimed at accessing new local markets (Galgóczy 2008). Direct investments in the banking sector thus do not tend to increase international competition for locations. The issue of the relocation of production plants is much more relevant for trade union action in manufacturing sectors, such as the automotive industry, than in banking where subsidiaries of multinational banks operate primarily in local markets. Although trade union interview respondents from the EIF level underscore the importance of a speedy and up-dated exchange of collective bargaining information, they do not actively promote centralised structures for an institutionalised approach to the cross-border coordination of collective bargaining policies, as the coordination of wage bargaining does not rank among the top priorities of transnational union action in the banking sector (see section 9.6.3). Thus, neither hypothesis H2.a (centralised pattern of Europeanisation) nor hypothesis H2.b (decentralised Europeanisation) is confirmed by the empirical evidence.

11.1.3 Export dependence: H3.a and H3.b

The extent of a sector’s export dependence is thus a favourable factor as regards trade union actors adopting a centralised approach to collective bargaining coordination (H3.a). Interviews with relevant bargaining actors at the EIF level underline the importance of export dependence and international market competition as incentives to coordinate collective bargaining, and wage bargaining in particular, across borders. Hypothesis H3.b is not supported in the regression analysis, however. In line with this finding from the quantitative analysis, it can be inferred that a high degree of export dependence and a high degree of international trade integration are generally not perceived as incentives for trade unions to enter into bi- or multilateral cross-border cooperation on collective bargaining policies, which is carried out exclusively by national unions and not integrated into a broader coordination approach supported and governed by the sector’s EIF. Other issues such as labour mobility and workers’ protection are more important for initiating transnational union cooperation aimed at the coordination of collective bargaining policies.

11.1.4 Product market regulation: H4.a and H4.b

Neither the hypothesised negative relationship between a high degree of product market regulation and the emergence of a centralised pattern of Europeanisation (H4.a), nor the positive relationship between a low degree of market regulation and the predominance of a decentralised pattern of Europeanisation, as formulated in hypothesis H4.b, were confirmed

in the regression analysis.⁹³ Results obtained from the qualitative analysis are not believed to contribute further to the elucidation of the relationship between product market regulation and the form of Europeanisation prevailing in a sector since the operationalisation of the variable to measure the degree of product market regulation is based on a classification scheme that incorporates – besides a more general OECD measure on market regulation (see section 7.4) – assessments obtained from expert interviews. A certain degree of ambiguity derives from the fact that the sector that exhibits the highest extent of market regulation, namely the construction sector, is characterised by a purely decentralised approach, according to trade union experts (see section 9.5.3). With regard to the other sectors that are characterised by a relatively high degree of product market regulation, such as chemicals, telecommunications and – with regard to the provision of services (see section 9.7.4) – commercial cleaning, no clear pattern is discernible with regard to the prevailing form of Europeanisation. Whereas in the chemical sector a more centralised, top-down approach has been adopted to the transnational coordination of collective bargaining within the multi-sectoral framework of the Eucob@n system, the telecommunications and cleaning sectors' approaches are comparatively decentralised, although they differ in nature. Whereas in telecommunications the international coordination of collective bargaining policies is carried out on the basis of the cooperation of European Works Councils (EWCs) from different global regions such as North and South America, Africa or Southeast Asia (see section 9.7.3), in the cleaning sector the European perspective is predominant. However, due to the weakness of national member organisations in terms of organisational strength and financial resources, as well as the generally weak organisation of labour in most eastern European countries, the role of the EIF in actively promoting and monitoring the process of policy coordination is of more relevance in industrial cleaning than in the other sectors, which are characterised by a decentralised coordination approach. However, collecting bargaining coordination as such is not a top-priority goal of UNI Property Services due to its limited resources (see section 9.6.3). EWCs are considered to be an important institution for the transnational coordination of collective bargaining policies. However, whereas EWCs in telecommunications are used as a strategic tool for information exchange in an internationalised and relatively concentrated market (see IST 1999b), the role of EWCs in the cleaning sector is much weaker and they play a role mainly because of the weakness of organised labour and industrial relations structures in this sector in general.

⁹³ Despite a significance of the product regulation factors at the 10%-level in the logistic regression based on the ordinal scale variable level for the export dependence and capital mobility factors this finding is not considered in the analysis in light of the considerable limitations to which the statistical analysis is subject due to data characteristics (see section 10.1).

11.1.5 Union density: H5.a and H5.b

As hypothesised, the organisational strength of the relevant sectoral unions is important for the promotion of either a centralised (H5.a) or a decentralised approach (H5.b) to transnational collective bargaining. In the metal sector, the German IG Metall, the Belgian and Dutch unions, as well as the Nordic metal sector unions are most supportive of a coordinated approach (see section 9.1.4) characterised by a comparatively high degree of centralisation. Sectoral union densities in all of these countries are above average, in particular in the case of Belgium and Germany (see section 9.1.3.4). A similar situation applies to the metal sector, in which the German IG BCE – together with Belgian, Danish, French and Italian unions – takes a leading role when it comes to coordinating bargaining policies across borders. However, union densities in the chemical sector correspond more or less to the level of union density at national level. The only exception is Germany where the sectoral density of IG BCE considerably exceeds the aggregate density rate (see section 9.5.2.4). The hypothesised relationship between the strength of unions which are most active in pursuing a centralised approach to collective bargaining coordination is supported by the finding that only in the construction sector are one (or a few more) organisations perceived as taking the lead in a common approach to transnational bargaining coordination.

In the service sectors – that is, telecommunications and financial services – there is no counterpart to the German industry unions in the metal, chemical and construction sectors. The German multi-sectoral white-collar union ver.di does not take a clear stance on the issue of transnational coordination of collective bargaining. This is for two reasons. First, a collective norm based on quantitative, macroeconomic criteria for the European coordination of wage bargaining is not considered as useful in the service sector, in which wage bargaining is rather decentralised and labour productivity is not a meaningful indicator, as it is for wage bargainers in the manufacturing sectors. Secondly, empirical evidence shows that a centralised approach to collective bargaining relies to a large extent on the support of the large and influential member organisations of the EIFs. The role of the German DGB member organisations in shaping the bargaining coordination process in the sectors under consideration can be regarded as an important factor in the Europeanisation of collective bargaining.

The difference between the coordination patterns in construction and in the cleaning sector are instructive in this regard. In both sectors, the provision of the service and its consumption are inseparably linked. This contrasts to the provision of goods which can be separated from their consumption. In contrast to services for which supply and demand have to coincide in terms of time and location, the site of production of goods does not necessarily have to be

congruent with the location of sales markets.⁹⁴ Thus, in labour-intensive services that can be provided directly, such as construction and commercial cleaning, the mobility of labour is more relevant than the mobility of capital. The provision of other services, such as telecommunications and financial services, depends much more on technical infrastructural pre-conditions and skills requirements for workers. Therefore, labour mobility is restricted in these sectors.

Despite the commonalities of the construction and industrial cleaning sectors with regard to the conditions of service provision, the role of the German IG BAU in coordinating collective bargaining policies across borders differs in these two sectors. In contrast to the building sector, in which IG BAU pursues a rather decentralised coordination approach based on bi- and multilateral cooperation with trade unions from other countries (see section 9.5.3), inter-union initiatives aimed at the cross-border coordination of collective bargaining are much less frequent in the cleaning industry. Union density is generally low in the cleaning sector (with the notable exception of Denmark where the sectoral density rate is around 80 per cent). Due to the lack of a leading member organisation, initiatives for bargaining coordination come mainly from the respective EIF. At the European industry level, IG BAU is much more influential in construction than in the cleaning sector. This corresponds to the organisation's density rates in these two sectors: in the German construction sector union density is above the national aggregate level, while in cleaning it is far below the country's aggregate union density rate (see sections 9.5.2.4 and 9.7.2.4).

11.1.6 Union fragmentation: H6.a and H6.b

Aggregate data on union fragmentation at the sectoral level clearly indicate that differences between sectors (Table 81, Annex 10) are less pronounced than differences between countries (cf. Annexes 1 to 7). Thus, the degree of fragmentation/centralisation of the trade union system is characterised by a high degree of variation between the western European countries under consideration. The highest average score for decentralisation is observed in

⁹⁴ However, the proximity of sales markets to the production site of a good is often a decisive consideration when it comes to the relocation of production. In highly dynamic economies, investors may profit from both low labour costs for production and an increasing demand for goods and services due to local growth markets and high labour cost differentials between countries and regions. Although no clear pattern is discernible, market seeking investment is predominant in service sectors such as banking and telecommunications, whereas in manufacturing cost-saving considerations tend to determine investment decisions.

the telecommunications and chemical sectors, whereas the union system in the metal and the industrial cleaning sectors is comparatively centralised. The ambiguity of the factor of union centralisation with regard to the explanation of the emergence of either a centralised or a decentralised pattern of Europeanisation becomes apparent when the two sectors characterised by a strongly institutionalised and centralised approach to the European coordination of collective bargaining are considered. As indicated in Table 41, mean values of union fragmentation do not differ significantly between those sectors in which a centralised pattern of Europeanisation prevails and those sectors characterised by a predominantly decentralised path towards Europeanisation. However, at a deeper level of analysis it becomes evident that the high degree of heterogeneity of the chemical sector in terms of markets, production structures and collective bargaining (see section 9.2.3) is perceived as one of the most important factors hindering the cross-border coordination of collective bargaining policies. This contrasts to the metal sector that characterised by a relatively high degree of homogeneity with regard to union organisation, sectoral scope of collective agreements and their duration of validity, as well as bargaining procedures. Furthermore, the degree of vertical integration of the production chain is typically high in the metal sector.

Thus, the preconditions for the intra-sectoral coordination of collective bargaining, both at national and at European level are especially favourable in the metal sector. According to empirical evidence from the qualitative analysis, perceptions of the necessity and feasibility of a transnational approach to collective bargaining coordination are strongest and most positive among union actors from the metal sector. The low fragmentation of the union system in the industrial cleaning sector and – to a lesser extent – in the banking sector do not seem to have a positive influence on the establishment of a centralised approach to the transnational coordination of collective bargaining policies. In the financial sector in general, the autonomy of the national member organisations of the sector's EIF is quite high, and the involvement of UNI Finance in transnational bargaining coordination is reportedly moderate (see section 9.6.3). As multi-union systems are predominant among the countries considered in this study, the high degree of centralisation of the union system in industrial cleaning may reflect the general weakness of organised labour in this sector. Empirical evidence suggests that the factor of union fragmentation/centralisation alone is not sufficient to explain the emergence of the pattern of Europeanisation in a certain sector. Rather, the combination of both the degree of union *fragmentation/centralisation* and the *organisational strength* of the sector's unions has to be considered when it comes to identifying conducive or obstructive factors for the Europeanisation of collective bargaining.

11.1.7 Collective bargaining level: H7.a and H7.b

The level of collective bargaining in a given sector does not prove to be a significant factor in explaining the prevailing pattern of the Europeanisation of collective bargaining. As indicated in Table 41 the difference is not very pronounced with regard to the degree of bargaining centralisation between sectors characterised by a centralised, top-down approach to the transnational coordination of collective bargaining and sectors in which a decentralised, bottom-up coordination process is predominant. Mean values for the degree of bargaining centralisation rather contradict the hypothesised positive relationship between a high degree of bargaining centralisation and a centralised pattern of Europeanisation (see section 4.1.7), as the average value of bargaining centralisation in those sectors in which a decentralised approach to the Europe-wide coordination of collective bargaining prevails exceeds the average centralisation value in the sectors in which there is a centralised pattern of Europeanisation. This finding is also contrary to the assessment of trade union representatives of the EIF who generally underscore the existence of sectoral-level or inter-sectoral level collective bargaining in the member countries as a precondition of the cross-border coordination of collective bargaining. Problems ensuing from highly decentralised bargaining systems, such as in the United Kingdom, are mentioned as a severe hindrance to the coordination and monitoring of collective bargaining policies. This problem typically arises in the metal sector, in which collective bargaining coordination is most advanced and thus presupposes a comprehensive and regular exchange of bargaining information in accordance with a standardised procedure. In countries in which collective bargaining takes place mainly at company or plant level, union bargainers are often not able to oversee – or influence – the determination of wages and working conditions in the sector (see sections 9.1.3.3 and 9.1.6).

Another reason for the low explanatory power of the bargaining centralisation variable, however, may be its lack of differentiation between sectors and the primary data on which it relies. The comparatively – and surprisingly – high levels of bargaining centralisation in sectors such as construction, food production and personal services seem at least questionable. In the case of the building industry, the centralisation value averaged over countries suggests the predominance of sectoral-level collective bargaining. However, it can be assumed that sectoral collective bargaining applies only to the segment of legally employed workers. Due to the high share of illegal employment in the construction sector, it can be assumed that for a considerable part of the labour force wages and working conditions are not regulated by collective agreements (see section 9.5.1). The high average values of bargaining centralisation in the personal services and food production sectors also point to the sector as the predominant level of collective bargaining. It is, however, unclear how high the number of

posted and illegal workers in these sectors is and whether they are included in regulations provided for in collective agreements, even when collective bargaining is predominantly carried out at the sectoral level.

11.1.8 Collective bargaining coordination: H8.a and H8.b

The relationship between the existence of a mechanism that ensures a high degree of bargaining coordination between sectors and employee groups (= 'horizontal coordination') and between bargaining units from different levels (= 'vertical coordination') and the emerging pattern of Europeanisation of collective bargaining, as hypothesised in section 4.1.8, has to be tested on the basis of a *cross-country* rather than a cross-sectoral analysis. This is because the coordination mechanism is a characteristic of the national system of industrial relations and generally does not differ greatly between sectors in the western European countries under consideration (see section 5.1). In order to put hypotheses H8.a and H8.b to the test the European intra-sectoral dimension has to be addressed. Also, the power relationships between national bargaining agents with regard to the ability of some 'key actors' or 'pattern setters' to lead the bargaining process and – of equal importance – the willingness of other bargaining actors to follow and to comply with bargaining norms adopted by the pattern-setting bargaining agents (see sections 1.5.2.5 and 5.1.2) have to be considered in the analysis. Since pattern-bargaining typically involves bargaining agents of the metal sector as pattern-setters, and on the European intra-sectoral level the coordination of collective bargaining, and of wage bargaining in particular, is most advanced in the metal sector, hypotheses H8.a and H8.b are tested on the basis of arrangements for the transnational collective bargaining existing in this sector (see section 9.1.5).

According to the findings summarised in section 9.1.3.3, the national collective bargaining systems that exhibit the highest values with regard to bargaining coordination capacity ('bargaining governability', see section 1.5.2.4.3) are found in the Nordic countries – besides Germany and Austria, where the mechanism of pattern bargaining that ensures high bargaining governability prevails. When coming to a final assessment of the implementation of formal instruments for the transnational coordination of collective (wage) bargaining, however, the capacity of German and – to a lesser extent – Austrian bargaining actors to lead the cross-border coordination process is questionable. In Germany, a pronounced and continuing process of wage moderation has been observable since the beginning of Europe-wide coordination activities in the metal sector (see section 9.1.5). The same holds true for the other 'key countries' that actively support a centralised and formalised approach to the transnational coordination of collective bargaining, such as Belgium and the Netherlands. In

these countries, collective bargaining at the national level is characterised by a comparatively low level of efficiency with regard to the inter-sectoral and horizontal coordination of collective bargaining (see section 9.1.3.3). In the Nordic countries, however – in particular, in Finland and Sweden – the coordination capacity of national systems of collective bargaining is comparatively high. In consideration of the results of several rounds of assessment of the outcome of the European coordination of collective bargaining, the Nordic countries in general proved to be among those that attain quantitative wage bargaining goals most regularly. This contrasts with the performance of the western, central European countries – that is, Germany, the Netherlands, Belgium and Luxembourg – in which quantitative, productivity-oriented bargaining goals have been reached to a far lesser extent (see section 9.1.5). Thus, the existence of the mechanism of pattern bargaining at the national level is not sufficient to guarantee an influential role for trade union bargainers from these countries in the transnational process of collective bargaining coordination.

11.1.9 Collective bargaining coverage: H9.b

The hypothesised relationship between a high level of collective bargaining coverage in a sector and the adoption of a decentralised pattern of autonomous trade union cooperation aimed at the cross-border coordination of collective bargaining is not backed by empirical evidence from the regression analysis. As shown in Table 41, the average values of sectoral collective bargaining coverage do not differ greatly between those sectors in which a centralised, top-down approach to the transnational coordination of collective bargaining is pursued and those sectors that are predominantly characterised by a decentralised pattern of Europeanisation, driven by the cross-border action of national union actors. Mean values of bargaining coverage rates by sectors (averaged over the countries considered in this study) are highest in the food industry, followed by the metal sector (cf. Annex 10). This contrasts with the construction and chemical sectors, in which collective bargaining coverage is lowest. The ambiguity of the empirical findings hints at the lack of differentiation and accuracy of sector-aggregated data on collective bargaining coverage. Evidence from the qualitative analysis rather points to the fact that preconditions for the implementation of collective agreements are perceived as a central requirement of the effective cross-border coordination of collective bargaining. This assessment is made for both centralised and decentralised forms of the Europeanisation of collective bargaining. Thus, hypothesis H9.b is not confirmed by the empirical evidence, and it can be assumed that it does not directly influence trade union action with regard to the cross-border coordination of collective bargaining policies.

11.2 The relationship between European sectoral social dialogue and the Europeanisation of collective bargaining

One important research focus of this study is the relationship between European social dialogue at the sectoral level and the transnational coordination of collective bargaining. The question of the type of relationship between the two principal instruments for the Europe-wide determination of wages and working conditions – which may be either positive, that is, mutually complementary, or negative, that is, mutually exclusive (see Annex 11) – has been addressed in the qualitative analysis. The perceptions of trade union actors with regard to their preferred arrangements for the transnational coordination of collective bargaining policies – that is, either by the coordination of collective bargaining policies at the European intra-sectoral level within existing structures of bargaining policy coordination, or within the framework of European social dialogue at the sectoral level – were analysed in expert interviews. Although it has been reported that resources for both forms of European-level coordination are limited, European sectoral social dialogue is regarded as an important complementary arrangement for safeguarding working conditions by setting European minimum standards on a range of issues, such as training, health and safety and lifelong learning. However, the two instruments are perceived as genuinely different, aimed at different goals and serving the achievement of these goals in accordance with distinct mechanisms. Whereas union-led initiatives for the cross-border coordination of collective bargaining leave much room to manoeuvre with regard to both the structural and procedural settings, as well as agenda setting, European social dialogue is strongly shaped by and dependent upon the European Commission as the principal political actor. Without the active support of the European Commission, social dialogue in general tends to become deadlocked when representatives of both sides of industry – for example, employer organisations and unions – do not reach agreement on entering into deliberations and – later on – into negotiations (see section 1.3.1).

In what follows, the factors that have been identified as being of importance for the emergence of either a centralised, top-down or a decentralised, bottom-up pattern of Europeanisation of collective bargaining are investigated with regard to their influence on European social dialogue at the sectoral level (see hypotheses summarised in Annex 11).

11.2.1 Export dependence as a factor conducive to European sectoral dialogue (H1.c)?

As hypothesised (section 4.1.3), the social partners share important interests in export dependent sectors. Since competition-related issues – primarily raised by employers – and the

issue of social protection in open and internationalised markets allow for problem resolution via political exchange, European social dialogue should be facilitated. However, the empirical evidence does not support this hypothesis. Export dependence is highest in the metal sector, in which social dialogue is most fragmented and restricted (cf. section 9.1.7). In the chemical industry, which is also highly integrated into international markets, competition-related issues, such as vocational training and qualifications, are among the most relevant issues for both sides of the industry and are frequently addressed within the framework of European sectoral dialogue. However, the relationship between export dependence and the probability of European social dialogue is not straightforward but rather mediated by factors such as the existence and representativeness of mandated social partner organisations as the prime precondition for the establishment of structures for dialogue. Thus, market-related factors do not seem to be prior for social partners to promote European social dialogue. However, when structures for European social dialogue already exist, competition-related issues – in particular, supply-side topics, such as training – constitute an incentive for employers to enter into European sectoral dialogue (see section 9.2.5).

11.2.2 Capital mobility as an incentive for European sectoral social dialogue (H2.c)?

Empirical evidence for the hypothesised positive relationship between capital mobility and the intensity of European sectoral social dialogue tends to be weak or ambiguous. In those sectors that exhibit the highest level of FDI as an indicator of high capital mobility, such as banking, metal and chemicals, European social dialogue is not considered as the prime instrument for the establishment of a forum for European collective bargaining. Rather at the present stage European social dialogue is perceived as a means complementary to union-led initiatives for the cross-border coordination of collective bargaining. In the metal sector, European social dialogue is still at a very early stage. Sectoral dialogue committees have so far been established only in sub-sectors such as shipbuilding (2003) and steel (2006), whereas important sectors such as automobiles, non-ferrous metals and machinery are not yet represented in the formal structures of European social dialogue. In the banking sector, which is characterised by the highest level of capital mobility (see section 7.2), European social dialogue is comparatively less dynamic than in other sectors, such as construction, telecommunications and industrial cleaning, where capital mobility (with the exception of telecommunications) is low. Furthermore, activities in European social dialogue have become notably less dynamic in recent years compared to the early years after the establishment of the banking sector committee in 1999. In the chemical sector, the EIF – EMCEF – is comparatively active. Sectoral committees have been set up in areas such as mining,

chemicals, electricity and gas. Recent legal initiatives by the European Commission (for example, REACH, Proposal for a Directive amending Directive 2003/87/EC on the emissions trading scheme) are regarded as an incentive for the chemical sector's European social partners to enter into dialogue (see sections 9.2.5 and 9.3.2), and the output of European social dialogue in terms of joint social partner texts is comparatively high in the chemical sector.

11.2.3 Liberalisation and privatisation and the resurgence of European sectoral social dialogue (H4.c)

In line with the hypothesised relationship between the liberalisation and privatisation of a sector's market and the intensity of European social partners' activities in European sectoral dialogue (see table of hypotheses in Annex 11) findings from the qualitative analysis underscore the importance of the Commission's deregulation initiatives in the telecoms market (see section 9.7.1) as a driving factor for European sectoral social dialogue (see section 9.7.4). The liberalisation of the telecommunications infrastructure, in particular of operating networks, was accompanied by a substantive and continuing process of European regulation. The regulatory framework set by the Commission to harmonise the conditions of network access, market competition, users' and consumers' rights and data protection required the involvement of European social partners since the European regulatory initiative touched upon the issue of the provision of 'public goods', that is, services of general interest. As a consequence, European social dialogue in the telecoms sector was particularly intensive in the 1990s (Interview OSE 2007), even before the sectoral committee was established (1999). However, more recently European social dialogue in the telecommunications sector has revived to a certain extent with the conclusion of joint statements on the revision of the 'new regulatory framework for the provision of electronic communication networks and services' (COM 2000) (see section 9.7.1) and on the issue of health and safety.

11.2.4 Union fragmentation as an obstacle to agreement in European sectoral social dialogue (H6.c)?

The hypothesised relationship between a high degree of union centralisation and a high level of activity of the sector's European social partners in European sectoral dialogue is not corroborated by empirical findings. In sectors in which the number of unions that organise a part or the whole of the workforce in the sector is high – such as in telecommunications and the chemical sector – European social dialogue has resulted in a comparatively high number

of joint social partner texts (cf. Pochet et al. 2006). Although union organisation in the metal sector is comparatively homogenous and centralised European social dialogue in the metal sector is comparatively limited. This holds true even for sub-sectors such as shipbuilding where the number of joint social partner texts is comparatively low. The reason for the restricted explanatory power of the centralisation of the union system for the emergence of European sectoral dialogue is evident, as the participation of the employers' side is a precondition for setting up a dialogue committee and entering into discussions. The highly centralised trade union system in the cleaning sector and the comparatively high level of activity of the sector's social partners in European sectoral dialogue, however, do not provide enough evidence for the sustainability of the hypothesised relationship. However, trade union respondents to the qualitative interviews pointed to the difficulty of interest unification in a highly fragmented trade union system and the protracted process of coming to a joint position with the employers' side, not only on the *issue* that should be addressed in European social dialogue but also on the *form* of the outcome (that is, joint position, recommendation or agreement binding on the signatory partners) (see section 1.3). Therefore, a more in-depth analysis of European social partners' activities in terms of the results of European sectoral dialogue that includes all sectors in which dialogue committees are established is needed to gain further insight into the preconditions of European social dialogue at the sectoral level.

11.3 Lobbying for European regulation as a functional equivalent of the Europeanisation of collective bargaining?

11.3.1 Labour mobility and European regulation: H1.c

The high labour mobility in sectors such as construction has been clearly identified as a factor encouraging trade union actors to press for European legislative powers for Europe-wide regulation. The pattern of factor mobility in the building sector corresponds to that of service markets in which the provision of the service and its consumption are congruent with regard to time and location. For the provision of labour-intensive goods or services of this kind in globalised markets it is primarily the labour factor and not capital that is internationally mobile. Therefore, the main aim of employee interest organisations is to guarantee that immigrant or posted workers are covered by the regulations on employment and labour protection, as well as workers' participation, which are in force in the country in which the service is provided. Since national rules are neither harmonised nor sufficient to ensure equal working conditions and wages for immigrant, commuting or posted and domestic workers European trade unions and their national affiliates pursue a lobbying approach in order to achieve European

regulation. However, against the background of the European Court of Justice's (ECJ) rulings – the Laval and Rüffert cases are exemplary in this respect – the adoption of European minimum standards may turn out to be a pitfall since they open the door to the systematic application of lower standards for certain groups of workers, in particular posted workers (cf. Woolfson and Sommers 2006). The other option is to ensure the inclusion of posted workers in national collective agreements and/or legal norms that guarantee a high level of protection, high working standards and equal pay, and rule out the undercutting of the wages and working conditions of domestic workers. The adoption of European directives is carried out by national social partners and according to national practices, however, and generally results in considerable cross-country heterogeneity. For instance, varying levels of minimum wages within and between sectors have been adopted in Germany in the context of the adoption of the Posting of workers' directive (Directive 96/71/EC). The directive has been criticised by trade unions as leaving too much room for interpretation and thus opening the door to social and wage dumping among the member states. The decisions of the ECJ have been heavily criticised by the European labour movement and the ETUC in particular. Whether a joint strategy of European and national trade unions to press for a revision of the Posting of workers' directive will be adopted is not clear at the present time.

11.3.2 Lobbying for EU regulation as a functional equivalent of low collective bargaining coverage: H9.c

The empirical evidence does not clearly support the relationship between a low bargaining coverage rate and the inclination of the trade union actors in the sector to embark upon a lobbying approach aimed at the Europe-wide regulation of working conditions by European legislation. Although the collective bargaining coverage is lowest in the construction sector in comparison with the other sectors considered in this study, the reliability and accuracy of sector-aggregated data on collective bargaining coverage rates is restricted by an upward bias for most of the sectors considered. For instance, the finding that collective bargaining is second-lowest in the chemical sector and is exceeded by the coverage rates in service sectors such as industrial cleaning and banking gives rise to doubts concerning data reliability. In general, the empirical evidence tends to suggest that coverage rates are highest in manufacturing and the public sector and comparatively lower in the private services sectors (Traxler and Behrens 2002). Leaving aside considerations of data quality, findings from the qualitative, semi-structured interviews underscore the relevance of European legislation in sectors or in segments of the labour market in which the coverage of workers by collective agreements is not guaranteed. The construction sector unions' approach is exemplary in this

respect. Trade union respondents from the EIF level perceive the goal of establishing Europe-wide regulation of working conditions and minimum wage standards as more important than the transnational coordination of collective bargaining policies (see section 9.4.3).

The two main determinants of collective bargaining coverage – namely the pervasive practice of extending collective agreements to other employers that are not affiliated to the signatory party to the agreement – and the organisational strength of employers, cannot be influenced by trade union action. Although there are provisions for the extension of collective agreements in the majority of member countries – with the exception of Sweden and the United Kingdom, as well as Italy where there is a functional equivalent in the form of a constitutionally guaranteed right to fair pay (Traxler and Behrens 2002) – the de facto practice of declaring collective agreements generally binding in a certain sector or beyond is less widespread (Traxler and Marginson 2005). For instance, in Denmark collective agreements are extended only for the transposition of EU directives. In Greece, social partners and public authorities reported that they feel that the use of extension mechanisms has been challenged and thus extension practice is generally limited (Traxler and Behrens 2002). In Germany and the Netherlands collective agreements are declared generally binding only in exceptional cases and predominantly in sectors where the coverage of collective agreements is low (for example, industrial cleaning), and wages and working conditions are therefore not sufficiently guaranteed by autonomous collective bargaining. In Ireland, the practice of extending minimum wage provisions set by Joint Labour Committees has de facto come to a halt since the adoption of the Minimum Wage Act in 2000 (EC 2004b).

Against the background of the erosion of employers' organisations in some of the member countries, such as Germany, where companies are increasingly dropping out of employers' associations or joining industry organisations whose sectoral collective agreements provide for lower wages and working conditions than in the sector of original membership, the extension of collective agreements by public authorities is becoming more important in order to guarantee comprehensive implementation of collectively agreed standards. However, the recent decisions of the ECJ with regard to the application of collectively negotiated wages and working conditions for posted workers calls into question extension rules as an instrument for maintaining wage rates and working conditions stipulated in sectoral collective agreements, as the Rüffert case has demonstrated (cf. Borelli 2008). Although the debate on the introduction of statutory minimum wages has gained much momentum among trade unions in countries in which there are no provisions for statutory minimum wages, such as Germany, no common position on the level has been formulated so far by the DGB. In Sweden, where legal rules for the extension of collective agreements are lacking, the Laval case prompted trade union

demands for statutory minimum wages. The implication of the ECJ rulings, as perceived by organised labour, is a general downward pressure on wages as minimum pay levels are referred to as a yardstick for the determination of wages for posted workers. Collective bargaining institutions and instruments such as the extension of collective agreements are perceived as being under threat and as losing their regulatory power. However, given that these EU-level developments are very recent it remains to be seen whether trade union perceptions and fears are mirrored by the empirical evidence, which so far has indicated a high degree of persistence and stability in industrial relations in western Europe.

12. Conclusions

Findings from the qualitative analysis indicate that although the transnational coordination of collective bargaining policies is perceived as an important goal among trade union actors at both the national and the EIF levels, coordination activities have remained rather limited in a number of sectors. This is mostly due to limited resources in terms of financial means, personnel and organisational efforts, often requiring a trade-off between two fundamental goals of trade union action – increasing organisational strength and determining the wages and working conditions of employees, including non-members. Although trade unions obtain legitimacy from both types of activity one strategic approach dominates in most unions, depending on a set of economic, market-related factors that condition the production process in a given industry, institutional characteristics of the national and sectoral industrial relations systems, including collective bargaining institutions, and the perceptions and orientations of national unions and the European-level organisations they are affiliated to. The different sets of factors are interrelated and interlinked in a multilayered system of mutual relationships of influence. It is therefore a challenge to identify causal relationships between them (for example, Traxler et al. 2001). However, in this study different types of factors – economic, institutional and actor-specific – are analysed with regard to their effects on the emergence of a certain pattern of Europeanisation of collective bargaining. Transnational initiatives and arrangements for the coordination of collective bargaining policies have been established in a number of sectors whereby either a centralised, top-down approach in combination with a decentralised, bottom-up process of coordination, or a purely decentralised approach to coordination initiated autonomously by national trade unions and only to a lesser extent embedded in EIF-level policy arrangements may predominate in a given sector. Alternatively, ‘non-collective bargaining’ approaches aimed at the Europe-wide regulation of working conditions and wage-setting procedures may be adopted, in particular in sectors in which labour mobility is high.

Whereas EMU and the internationalisation of product and financial markets increased the perceived *need* for collective bargaining coordination in order to contain downward pressure on wages and labour standards, the *conditions* for coordination activities have worsened. Trade union bargainers are confronted by a trend towards bargaining decentralisation and the erosion of collective bargaining systems through the undermining of collective agreements. The most virulent problem hindering inter-union cooperation and decision-making is the growing importance of company-level negotiations that hamper a coordinated cross-border approach to collective bargaining. Decreasing unionisation rates, the weakness of peak organisations and slack labour markets are additional factors that weaken the bargaining

power of unions. In practice, differences in collective bargaining systems, practices and outcomes, such as scope, level and duration of collective agreements and desynchronised negotiation rounds in the member countries, are perceived as factors hindering the cross-border coordination of collective bargaining policies.

As the sector-based analysis revealed, the transnational coordination of collective bargaining is most likely in the form of flexible, *non-hierarchical*, *network-structured* arrangements. Since coordination is facilitated among a limited number of actors who share commonalities with regard to their strategic orientations and preferences, cross-border coordination activities are most feasible in certain regional areas. Such transnational 'clusters of coordination' between economically highly integrated countries and/or regions (for example, Germany, the Netherlands, Belgium or the Nordic countries) have been emerging in particular in the metal sector, but also in other sectors, such as chemicals, construction and energy.

At European level a number of multi-sectoral arrangements for the transnational coordination of collective bargaining policies have been established. The first inter-sectoral network-formed framework for European collective bargaining coordination was the Eucob@n system, set up by the metal and textiles sector in the late 1990s and then extended to the chemical sector. This network aims at a centrally organised exchange of up-to-date information on collective bargaining and social policy developments in the member countries and on the European level. Furthermore, the system provides for continuous monitoring and reporting on collective bargaining developments which are summarised in annual reports. Similar European-level structures have been established in the public sectors which fall under the purview of the respective EIF, that is, EPSU (European Federation for Public Service Unions), such as social health services, local government, national administration and public utilities. The sectoral scope of European structures for a centrally organised and highly institutionalised exchange of bargaining information and reporting on collective bargaining developments is strongly determined by product and labour market conditions prevailing in the sectors. The Eucob@n system, for instance, is limited to manufacturing industries that share commonalities with regard to a high degree of export dependence and market internationalisation, whereas the Epsucob@n system comprises public service sectors that are rather sheltered from international competition and in which transnational capital mobility is comparatively low. The recently liberalised public utilities sector stands out in this respect. Recently, a new approach to bargaining coordination has been taken up by EPSU in the energy sector (that is, electricity and gas), aimed at the promotion of social dialogue and the regular exchange of bargaining information. The initiative, characterised by a clearly defined geographical area, was launched in early 2008 and includes EPSU affiliates in the energy sector from Austria, Belgium, France,

Germany, Luxembourg and the Netherlands. Geographical proximity of bargaining actors in such transnational arrangements is typically linked to a high degree of market integration and economic interdependence, as well as with commonalities regarding industrial relations structures and collective bargaining systems (that is, within central-western Europe or Scandinavia).

When it comes to drawing conclusions on the effectiveness of the transnational coordination of collective bargaining with regard to maintaining and promoting wage developments in line with productivity growth, as well as high standards in working conditions, encompassing arrangements in which elements of both a centralised and a decentralised approach complement each other are regarded as functionally superior to a purely decentralised coordination approach driven by autonomous cross-border union cooperation. Leaving aside the applicability of the metal sector's approach to other sectors, any assessment of the outcome of transnational collective bargaining coordination has to take the coordination approach of the European metalworkers' federations as a point of reference. Although the coordination of wage policies is central to the metal sector's coordination approach the coordination of non-wage issues such as training, qualifications and lifelong learning, as well as retirement and pension regulation is perceived as gaining in importance. With regard to the future development of transnational wage bargaining coordination two decisive questions arise. First, is Germany fulfilling its leadership role in wage bargaining, and second, can a 'critical mass' of countries that closely orchestrate their bargaining goals and outcomes be reached? Although German wage bargaining results tended to be in line with the EMF's Coordination Rule, the low dynamic of the development of unit labour costs⁹⁵ at the macroeconomic level casts the country's role as pattern-setter in doubt. It can be concluded that the Europe-wide coordination of wage bargaining guided by a productivity-oriented coordination rule is a rather restricted phenomenon, limited to the metal sector. In consideration of the outcomes of wage bargaining coordination in the metal sector, the efficiency and effectiveness of pattern-bargaining as a mechanism for the transnational coordination of wage bargaining, whereby Germany, the Netherlands and Belgium as the 'core countries' provide the yardstick for bargaining agents in other countries, is highly questionable. It remains to be seen whether pattern bargaining can be established as an efficient and mutually recognised form of transnational bargaining coordination.

However, the phenomenon of the transnationalisation of collective bargaining goes beyond a purely output-based process aimed at the de facto alignment of wage developments within the EU and includes a normative dimension of collective interest and policy formation. Although

⁹⁵ In Germany, annual unit labour cost development was negative from 2004 to 2007 (EC 2008).

the influence of economic and institutional factors on the emergence of a certain pattern of the Europeanisation of collective bargaining is undisputed, the Europeanisation process is strongly driven by trade union actors. Their normative orientations and perceptions directly affect the form of coordination arrangements and practices. In contrast to the transnationalisation of business activities and the increasing internationalisation of markets, the transnationalisation of collective bargaining policies can be regarded as a relatively nascent phenomenon. Whereas in the business sphere transnational action is immediately oriented towards and corrected by market conditions and requirements, the cross-border coordination activities of unions presuppose intricate and often protracted processes of internal interest unification and formation. Collective action by union organisations is based on processes of mutual learning, and the identification and adoption of relevant issues and models of best practice. Thus, the coordination activities of organised labour require a certain set of favourable preconditions such as a limited number of actors, relatively homogenous interest and power constellations and reconcilable communication and conflict-solving patterns.

A crucial question arises from the relationship between the emergence of a European system of industrial relations providing a framework for different forms and levels of European social dialogue and autonomous trade union activities aimed at the Europe-wide coordination of collective bargaining. Both centralised and – to a lesser extent – decentralised patterns of union-driven cross-border coordination of collective bargaining are embedded in the multi-level structure of the European system of industrial relations. The implications of the Europeanisation process in the field of social policy and industrial relations for the transnationalisation of collective bargaining are unclear, however. Three lines of argument can be invoked in this respect.

First, the promotion and development of European-level structures for social dialogue, both in its tripartite and bipartite, ‘autonomous’ form have promoted the transnationalisation of collective bargaining policies as new arenas for transnational action. Both European (sectoral) social dialogue and Europe-wide initiatives and arrangements for the coordination of collective bargaining complement and mutually reinforce each other and have triggered off far-reaching processes of information exchange and ‘political learning’. The formalisation and advanced regulation of procedures for the determination of wages and working conditions have helped to strengthen the position of labour vis-à-vis business.

Second, the process of Europeanisation towards the promotion of ‘autonomous’ European social dialogue and the adoption of the subsidiarity principle have shifted the burden of inter-

class interest unification and collective bargaining to the European and national social partners. Due to divergent and often irreconcilable interest positions between business and labour, the transnationalisation of collective bargaining is exclusively driven by and dependent on union action. Furthermore, recent decisions of the European Court of Justice on the applicability of collectively negotiated standards for wages and working conditions for posted workers have been heavily criticised by unions as resulting in the systematic application of minimum standards and putting downward pressure on the pay and conditions of both domestic and posted workers.

Third, taking a rather 'Euro-realist' perspective, the emergence of a multi-layered system of European industrial relations requires a multi-level approach to the transnationalisation of collective bargaining policies in which actors at the European and national levels have to coordinate and align their policy approaches. The outcome depends on the social partners' ability to unify and formulate their interest positions across borders, as well as to enter into transnational cooperation and build issue-specific alliances with both the employers' side and political actors. Policy-making and collective action in a multi-level system of industrial relations may involve different sets of actors in a pragmatic approach to addressing specific issues arising in a certain sector or segment of the labour force. Thus, in some sectors the adoption of alternative, 'non-collective bargaining' forms for the Europe-wide determination of wages and working conditions is an effective and pragmatic strategy of trade union action rather than an indication of their deficient capacity for collective bargaining or the existence of a competitive, mutually exclusive relationship between regulation and 'autonomous' collective bargaining.

Against the background of the erosion and weakening of collective bargaining institutions indicated by declining collective bargaining coverage rates in *some* of the member states (in particular in Germany, the United Kingdom and the Baltic countries), as well as increasing in-work poverty, the debate on European minimum wages can be regarded as following the 'euro-pragmatic' line of argument. Rather than being the result of a Europe-wide, top-down initiative by the European legislator, European minimum wages should be set either by collective agreements or by law. Following the approach of the open method of coordination, only the relative level of minimum wages (as a percentage of the national mean wage) would be defined at the European level (Schulten and Watt 2007), and minimum wages would be implemented according to wage-setting procedures established in the member countries.

Trade union-led initiatives for the transnational coordination of collective bargaining policies which are based on a 'centralised' approach with regard to the harmonisation of bargaining

procedures by formulating commonly applicable – and not necessarily quantitative – orientation criteria and guidelines can therefore be considered as being central to the effective transnational coordination of collective bargaining policies. European-level arrangements for social dialogue at the sectoral level are generally regarded as a complementary element of an encompassing collective bargaining approach rather than as a functional equivalent. However, increased competitive forces unleashed by the internationalisation of markets and the latest enlargements of the EU, accompanied by the general, aggregate trend of a decentralisation of collective bargaining, have put a strain on well-established and highly institutionalised systems of multi-employer bargaining which are considered to be the principal precondition for the coordination of bargaining policies at the European sectoral level. The increased complexity and scope of transnational bargaining coordination requires a great deal of initiative, resource mobilisation and organising capacity on the side of organised labour. It remains to be seen whether European and national trade unions as the principal actors of the Europeanisation process are up to these challenges and will succeed in effectively and substantially influencing and promoting the transnationalisation of collective bargaining.

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Interviews

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- Gewerkschaft Metall-Textil-Nahrung-Genuss, Vienna, 18 September 2007
- Interview 1 UNI Finance, 22 May 2007
- Interview 2 UNI Finance, 3 July 2007, Telephone Interview
- Interview ver.di, 26 September 2008, Düsseldorf
- Interview 1 EMCEF, 19 April 2007, Brussels
- Interview 2 EMCEF, 24 April 2007, Brussels

Interview EFBBW, Brussels, 28 June 2007

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Interview UNI Telecommunications, Brussels, 22 June 2007

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Interview European Commission, DV 5 Employment, Social Affairs and Equal Opportunities, Brussels 10 July 2007

Interview European Parliament, MEP, Member of the Committee on Employment and Social Affairs, 6 June 2007

Interview Observatoire Social Européen (OSE), Researcher, 10 May 2007

Annex 1: Tables METAL SECTOR

Table 42 : Representational domain concentration/fragmentation – metal sector

Country ^a	Number of sector-related trade unions (n_unions)	Domain comprehensiveness: overlapping domains (OD): (1= yes, 0 = no)	Index value (n_unions x OD), increases with level of fragmentation
AT	2	0	0
BE	6	1	6
DK	2	0	2
ES	3	1	3
FI	5	1	5
FR	4	1	4
DE	1	0	0
GR	1	0	0
IR	1	0	0
IT	3	1	3
NL	4	1	4
PT	3	1	3
SW	3	1	0
UK	3*	1	3

Source: EMF 2005 ; 2006, own research.

* before the merger of Amicus and T&G (Transport and General Workers' Union) on 1st May 2007;

^a The identification of union organisations considered here is based on the researcher's own survey on union density in the metal sector. Names of the organisations and possible domain overlaps between them are listed in table 45.

Table 43: Extension practice and CB coverage – metal sector

Country	Extension practice pervasive = 2/moderate = 1/marginal or non- existing = 0 ^a	CB coverage (steel industry)
AT	(2)	100
BE	2 ^b	90-95
DK	0	~100
ES	0	< 100
FI	2	100
FR	2	~100
DE	0 ^c	~100
GR	0 ^d	~100
IR	0	~16.5
IT	(2)	100
NL	0 ^d	~100
PT	n.a.	n.a.
SW	0	~ 90
UK	0	~ 66

^a functional equivalents in ()

Sources: Beguin, J.-M (2005), Industrial relations in the Steel Industry, EIROonline, 2005
Eucoba Report 2006

^b Sectoral collective agreements concluded in two joint committees for blue-collar and white-collar workers providing for minimum pay and conditions. Since collective bargaining takes place mainly at the firm-level and coverage is outstandingly high, it is assumed that extension practice is pervasive in the metal sector and on the intersectoral level as well (see EIRO 2005, Marginson/Traxler 2005).

^c Sectoral, regional collective bargaining although it is reported that some (multinational) companies do not adopt the sector agreement and conclude own company agreements. The coverage of the sectoral agreement is almost 100%.

^d Sector-level collective agreements which are adopted by virtually all companies in the sector.

Table 44: Sector-level CB – metal sector

Country	Dominant level of CB (DL): central/inter-sectoral = 2, sectoral (national) = 1, company-level = 0; if two levels equally important sum/2	Existence of covert coordination mechanisms in the form of pattern bargaining (CM): 2= yes, 1 = no	Existence of both peace obligation and legal enforceability of collective agreements (BGOV): 2= yes, 1 = no	Index Bargaining Coordination Mechanism: DL x CM x BGOV
AT	1	2	2	4
BE	0,5 ((1+0)/2)	1	1	0,5
DK	0,5 ((1+0)/2)	1	2	1
ES	0,5* ((1+0)/2)	1	1	0
FI	1	1	2	2
FR	0	1	1	0,5
DE	1 *	2	2	4
GR	1	1	2	2
IT	0,5 ((1+0)/2)	1	1	0,5
IR	1 (2+0)/2	1	1	1
NL	0,5 ((1+0)/2)	1	2	1
PT	0,5 ((1+0)/2)	1	1	0,5
SW	1	1	2	2
UK	0	1	1	0

* regional sectoral

ES: Multi-employer agreements for the metalworking industry have been concluded on the provincial level which are supplemented by a large number of company-agreements (Eucoba Bericht 2005).

FR: Eucoba Bericht 2005: Company-level bargaining pre-dominant!

Sources: Beguin (2005), IR in the Steel Industry, EIROonline, 2005; EC, IR in Europe 2004; EMF 2005 and 2006;

Table 45: Union density of representative trade unions – metal sector (2007)

Country: Organisation *)	Union density (in %)		
	Domain	Sector ^a	Aggregate (steel) ^b
AT: GMTN (2006) GPA (2006)	70.6 41.3	72.6 18.6 (1998)	75.0 ^c (blue-collar)
BE: CSC Metal/ACV-Metaal* CMB-FGTB/ABVV-Metaal* CGSLB Métal/ACLVB Metaal* CNE/LBC* LBC-NVK* SETCa/BBTK*	n.a. n.a. n.a. n.a. n.a. n.a.	n.a. n.a. n.a. n.a. n.a. 25,5	90-95
CZ: OS KOVO Aircraft production OS KOVO Electro-technical industry OS KOVO Foundries	32.5 ^a 27.0 ^a 43.5 ^a	n.a. n.a. n.a.	.
DK: Dansk Metal IDA	80.0 n.a.	78.1 n.a.	85.0
FI: Metalliliitto* TEK* UIL ry Sähköliitto TU*	88.0 n.a. n.a. n.a. 79.0	95.0 n.a. n.a. n.a. n.a.	> 90.0
FR: FTM-CGT* CFTC Métallurgie* FGMM-CFDT* FOM*	n.a. n.a. n.a. n.a.	n.a. n.a. n.a. n.a.	n.a.
DE: IG Metall	42.33	40.1	70 ^d - > 80 ^c (West), 60 ^d (East)
GR: POEM	n.a.	n.a.	n.a.
IT: FIOM* UILM* FIM	n.a. n.a. n.a.	19.64 n.a. 10.51	90
IR: SIPTU	n.a.	16.45	n.a.

NL: FNV-Bondgenoten Metalindustry* VHP Metalektro* CNV Bedrijvenbond* De Unie	18.18 14.71 26.47 28.53	n.a. n.a. n.a. n.a.	40 (Corus)
PL: Metalworkers Secretariat NSZZ Solidarnosc* OPZZ – Trade Unions Federation Metalowcy* FHZZ-OPZZ	8.2 1.4 1.7	n.a. n.a. n.a.	90
PT: FEQUIMETAL* SIMA* SINDEL*	n.a. n.a. n.a.	n.a. n.a. n.a.	n.a.
SK: OZ KOVO Metalurgy OZ KOVO Electro- techn. Industry	~ 29 ^a ~ 16 ^a	n.a. n.a.	
ES: MCA-UGT* FTM-ELA* FM/CC.OO*	n.a. n.a. n.a.	66.67 n.a. n.a.	70-80
SW: IF Metall SIF* ^f Sveriges Ingenjörer*	n.a. n.a. n.a.	n.a. n.a. 24.0	90 ^c
UK: GMB* Amicus* ^g T&G* ^g	n.a. n.a. n.a.	n.a. n.a. 18.0	60

Source: own survey EMF member organisations in the respective countries, EMF (2006), Beguin (2005)

*) domain overlaps with other sector-related organisations;

^a Eucoba Report 2006: definition of the metalworking sector: NACE DJ (27, 28), DK (29), DL (30, 31, 32 and 33) and DM (34, 35);

^b Beguin (2005), Industrial relations in the Steel Industry: sectoral definitions: ‘steel sector’ = NACE code 27.20 : Austria, Belgium, Germany, Ireland, Italy, the Netherlands and Spain; ‘ferrous metal sector’ = NACE 27.10, 27.20 and 27.30: Denmark, Finland, France, Greece, Hungary, Norway, Poland, Sweden and the UK

^c overall metalworking

^d steel processing plants

^e steel mills

^f The two white-collar unions SIF and HTF merged in 2008 to form Unionen.

^g Amicus and T&G (Transport and General Workers’ Union) merged on 1st May 2007 in order to form Unite.

Annex 2: Tables CHEMCIAL SECTOR

Table 46: Representational domain concentration/fragmentation – chemical sector

Country	Number of sector-related trade unions (n_unions)	Domain comprehensiveness: overlapping domains (OD): (1= yes, 0 = no)	Index value (n_unions x OD), increases with level of fragmentation
AT	2	0	0
BE	6	1	6
DK	11	1	11
ES	4	1	4
FI	3	1	3
FR	5	1	5
DE	3	1	3
GR	5	1	5
IR	1	0	0
IT	7	1	7
NL	4	1	4
PT	3	1	3
SW	4	1	4
UK	5 *	1	5

* before the merger of Amicus and T&G (Transport and General Workers' Union) on 1st May 2007;

Source: Study on the representativeness of the social partner organisations in the chemical industry (EU25), Université Catholique de Louvain, Institut des Sciences du Travail, 2006; see table 49;

Table 47: Extension practice and CB coverage – chemical sector

Country	Extension practice pervasive = 2/moderate = 1/marginal or non- existing = 0	Index CBC ($\geq 50\%$, 1= yes, 0= no) + Extension practice	CB coverage
AT	(2)	3	100
BE	2	3	100
DK	0	0	~ 75-80
ES	2	3	~ 85
FI	2	3	90
FR	2	3	~ 90 -100
DE	0	1	~ > 90
GR	1 ^b	3	n.a.
IR	0	0	~ 22
IT	(2)	3	n.a.
NL	0	1	~ 85
PT	2	3	n.a.
SW	0	1	~ 95
UK	0	0	~ 40-45 ^a

Source: Study on the representativeness of the social partner organisations in the chemical industry (EU25), Université Catholique de Louvain, Institut des Sciences du Travail, 2006 ;

Traxler, F. (2008), Representativeness of the social partners: Gas sector. European Foundation for the Improvement of Living and Working Conditions.

^a estimate includes collective bargaining coverage in electricity, gas and water supply sectors, dti, trade union membership 2006

^b Due to the lack of data on the practice to extend collective agreements in the Greek chemical industry and on the sector's CBC it is difficult to assess whether extension is a common practice or not. Therefore, it is assumed that the extension of sector-related collective agreements is not pervasive since extension in general tends to be a rather limited practice in this country.

Table 48: Sector-level CB – chemical sector

Country	Dominant level of CB (DL): central/inter-sectoral = 2, sectoral (national) = 1, company-level = 0; if two levels equally important sum/2	Existence of covert coordination mechanisms in the form of pattern bargaining (CM): 2= yes, 1 = no	Existence of both peace obligation and legal enforceability of collective agreements (BGOV): 2 = yes, 1 = no	Index Bargaining Coordination Mechanism: DL x CM x BGOV
AT	1	2	2	4
BE	1	1	1	1
DK	0,5 ((1+0)/2)	1	2	1
FI	1,5 ((1+2)/2)	1	2	3
FR	0,5 ((1+0)/2)	1	1	0,5
DE	1	2	2	4
GR	1,5 ((1+2)/2)	1	2	3
IR	0	1	1	0
IT	0,5 ((1+0)/2)	1	1	0,5
NL	0,5 ((1+0)/2)	1	2	3
PT	0,5 ((1+0)/2)	1	1	0,5
ES	0,5 ((1+0)/2)	1	1	0,5
SW	1	1	2	2
UK	0	1	1	0

Source: IST 2006; EC 2004b;

Table 49: Union density of sector-related trade unions – chemical sector

Country: Organisation *)	Union density (in %)			
	Domain	Sector ^a	Estimate based on manufacturing industries ^d	Estimate total sector density
AT:			40	
GdC	65.0 (chemical industry), 20.0 (craft segment)	65.0 (industry) 20.0 (crafts)		50-60
GPA-DJP	22.0	35-40		
BE:			55	50-55
CG/AC				
FGTB/ABVV*	n.a.	36.0		
SETCa/BBTK*	n.a.	n.a.		
CSC-Énergie et Chimie/ACV				
Energie Chemie*	n.a.	45.9		
CNE/LBC*	n.a.	4.1		
LBC-NVK*	n.a.	n.a.		
CGSLB/ACLVB*	n.a.	4.6 (blue-collars) 2.1 (white-collars)		
DK:			85	~ 90
CO-industri	n.a.	n.a.		
3F*	70-75	0.25		
HK	45-50	1.0		
Dansk Metal*	80	n.a.		
DEF*	75	n.a.		
TL*	n.a.	1.0		
DL-F	n.a.	59.0		
IDA*	n.a.	10.3		
Dansk Farmaceut forening*	n.a.	40.0		
DM*	n.a.	1.1		
LH*	n.a.	n.a.		
FI:			78	80-90
Kemianliitto*	n.a.	90.0		
Sähköliitto*	n.a.	n.a.		
TU	79.0	63.0		
FR:			9	< 10
Fédération des industries chimiques				

– CGT*	n.a.	5,4		
FCE-CFDT*	n.a.	n.a.		
Fédéchimie CGT-FO*	n.a.	n.a.		
Fédération Chimie, Mineurs, Textile, Energie CFTC*	n.a.	1,25		
Fédération du personnel d'encadrement des industries chimiques, parachimiques et connexes-CFE-CGC*	n.a.	1,25		
DE: IG BCE* VAA CGBCE*	n.a. 58.7 n.a.	40.0 58.7 2.2	29	~ 40
GR: PEF OEFSEE POIE OEHVE PSHV	n.a. n.a. n.a. n.a. n.a.	n.a. ~ 66 ~ 3 ~ 63 ~ 7	20	~ 60
IT: FILCEA- CGIL* FEMCA-CISL* UILCEM-UIL* FIALC-CISAL*	n.a. n.a. n.a. n.a.	n.a. 25.8 ~ 10.5 ~ 2,8	25	25-30
IR: SIPTU	n.a.	n.a.	44	40-50
NL: FNV-Bondgenoten CNV* Bedrijvenbond* De Unie VHP*	n.a. n.a. n.a. n.a.	~ 30.1 ~ 7.8 n.a. n.a.	32	30-40
PT: SINDEQ* SINORQUIFA* SINQUIFA*	13.7 8.5 16.1	6.7 43.2 19.5	13	~ 20
ES: FITEQA-CCOO* FIA-UGT* ELA-HAINBAT* FEQUICC	n.a. n.a. n.a. n.a.	20.0 15.0 1.5 n.a.	14	~ 15-20
SW:			88	~ 85

IF Metall ^b	n.a.	42.2		
SIF* ^e	n.a.	35.3		
CF*	n.a.	7.1		
Ledarna*	n.a.	0.7		
UK:			22	~ 25-30 ^f
GMB*	n.a.	4.3		
Amicus*	n.a.	5.1		
TGWU*	66.0	17.0		
USDAW*	n.a.	n.a.		
BACM	n.a.	n.a.		

Source: IST (2006), Study on the representativeness of the social partner organisations in the chemical industry, Université Catholique de Louvain, IST – Institut des Sciences du Travail.

*) domain overlaps with other sector-related organisations;

^a sector definitions vary slightly between Member Countries, see IST (2006);

^b IF Metall merged with Industriefacket – The Industrial Workers Union in 2006. Before the merger, Industriefacket's share of members working in the chemical industry was estimated to be 42.2 % (IST 2006)

^c EC (2004b)

^d EC (2006)

^e The two white-collar unions SIF and HTF merged in 2008 to form Unionen.

^f data referring to 2005, dti, Trade Union Membership 2006

Annex 3: Tables FOOD SECTOR

Table 50: Representational domain concentration/fragmentation – food sector

Country/Unions *)	Number of sector-related trade unions (n_unions)	Domain comprehensiveness: overlapping domains (OD): (1= yes, pervasive; 0 = no, minor)	Index value (n_unions x OD), increases with level of fragmentation
AT: GPA-DJP, GMTN	2	0	0
BE: CSC alimentation et services/ACV voeding en diensten*, CNE/LBC*, HORVAL*, SETca-BBTK*, CGSLB/ACLVB*	5	1	5
DK: 3F*, HK, DEF*, Metal*	4	1	4
ES: FACOC-CCOO*, FTA-UGT*	2	1	2
FI: SEL*, Metalliliitto* TU*	3	1	3
FR: FNAF-CGT*, FGTA-FO*, FSCOPA-CFTC (AGRI)*, FGA-CFDT*, CFE-CGC AGRO*	5	1	5
DE: GNGG	1	0	0
GR:	n.a.	0	n.a.
IR: SIPTU* ⁹⁶	2	1	2

⁹⁶ SIPTU (Services Industrial Professional Technical Union) founded in 1990, resulting from a merger of ITGWU (Irish Transport and General Workers Union) and FWUI (Federated Workers Union of Ireland) and affiliated to ICTU – Irish Congress of Trade Unions.

BFAWU ^{*97}			
IT: FAI-CISL*, FLAI- CGIL*, UILA-UIL*	3	1	3
NL: FNV Bondgenoten*, CNV Bedrijvenbond*, De Unie*	3	1	3
PT: FESAHT*, SETAA*, SIABAHORTA*, SINTAB*, SITIAC*, STIANOR*, FETESE*, SITESE*	8	1	8
SW: IF Metall*, SIF* ^a , Ledarna*, Sveriges Ingenjörer*	4	1	4
UK: GMB*, T&G ^b *, Amicus ^a *, BFAWU*	4	1	4

*) domain overlaps with other sector-related organisations;

^a The two white-collar unions SIF and HTF merged in 2008 to form Unionen.

^b before Amicus – T&G merger to form Unite in 2007

Source: Glassner (2008a)

⁹⁷ BFAWU – Bakers, Food and Allied Workers Union, reports to have 30.000 members in England, Scotland, Wales, Northern Ireland and the Republic of Ireland. According to Ebbinghaus and Visser (2000) gross membership amounted to 1.091 members in Ireland in 1995.

Table 51: Extension practice and CB coverage – food sector

Country	Extension practice pervasive = 2/moderate = 1/marginal or non- existing = 0	Index CBC (≥ 50 %, 1= yes, 0= no) + Extension practice	CB coverage
AT	(2)	3	100
BE	2	3	100
DK	0	1	100
ES	2	2	98
FI	2	3	~ 100
FR	2	3	100
DE	0	1	~ 100
GR	0 ^b		n.a.
IR	0		n.a.
IT	(2)	3	100
NL	0	1	~ 100
PT	2	3	~ 90 *
SW	0	1	~ 100
UK	0	0	20 ^a

Sources : Glassner (2008a); Traxler and Behrens (2002); EFFAT (2006);

^a estimate based on CBC by industry, Grainger and Growther (2007), Trade Union Membership 2006, Department of Trade and Industry, UK.

^b minimum requirement of extension, i.e. employers covered by CA must at least employ 51 % of employees in sector/occupation (EC 2006).

* according to expert interviews, the coverage rate in the food production industry is lower than in the manufacture of sugar sector and slightly lower than in the manufacturing industries in general, see also Traxler/Behrens 2002.

Table 52: Sector-level CB – food sector

Country	Dominant level of CB (DL): central/inter-sectoral = 2, sectoral (national) = 1, company-level = 0; if two levels equally important sum/2	Existence of covert coordination mechanisms in the form of pattern bargaining (CM): 2= yes, 1 = no	Existence of both peace obligation and legal enforceability of collective agreements (BGOV): 2 = yes, 1 = no	Index Bargaining Coordination Mechanism: DL x CM x BGOV
AT	1	2	2	4
BE	1	1	1	1
DK	1	1	2	2
ES	1	1	1	1
FI	1	1	2	2
FR	1	1	1	1
DE	1	2	2	4
GR	1	1	2	2
IR	1 ([2+0]/2)	1	1	1
IT	1	1	1	1
NL	1	1	2	2
PT	1	1	1	1
SW	1	1	2	2
UK	0	1	1	0

Source: Glassner (2008a), EC (2004b), EFFAT (2006);

Table 53: Union density of sector-related trade unions union density of sector-related trade unions – food sector

Country: Organisation	Union density (in %)	
	Domain density of largest food sector union	Sector ^a
AT: GMTN GANG (1998 ^a)	n.a.	30,67 ^b
BE: Horval, CSC alimentation et services/ACV voeding en diensten ⁹⁸	both ~ 47 (52.6, 42.2)	70,68 ^c *
DK: n.e. NNF (1997 ^a)	n.a.	49 ^c
ES: FAyT (1995 ^a)	n.a.	8,2 ^c
FI: SEL (1998 ^a)	89	64,9 ^b
FR: FSCOPA-CFTC (AGRI) CFTC-FGA (1994 ^a): FNAF (1994 ^a) FAA-FO (1994 ^a)	n.a.	~ 7 ^b *
DE: GNGG	55	22,87 ^b
GR:	n.a.	n.a.
IR: SIPTU Food & Drink section	n.a.	n.a.
IT:	19,5	18 ^b *
NL: n.e. Voe-FNV (1997 ^a) IVB-CNV (1997 ^a) De Unie (1997 ^a)	n.a.	~13,0 ^c *
PT: SINTAB, SETAA (2006 or more recent)		SINTAB (5.2 %), SETAA (3.7 %); ~ 5 ^c * (SINTAB+SETAA)

⁹⁸ Both blue and white-collar workers in several sectors such as horeca, tourism. In food production industry only blue-collars;

SW: Livs (1998 ^a)	n.a.	72 ^c
UK: BFAWU (1995 ^a)	n.a.	5.7 ^c

Sources: Glassner (2008a); EC (2006)

^a Ebbinghaus/Visser (2000)

^b estimates according to membership data from Ebbinghaus/Visser (2000) and the Eurostat Population Census 2001

^c estimates according to membership data from Ebbinghaus/Visser (2000) and the Eurostat enterprise statistics, no. of employees (1998);

* weighted by members, referring to total membership of those sectoral unions for which membership figures were available! No reference to sector's total membership!

Annex 4: Tables TELECOMMUNICATIONS SECTOR

Table 54: Representational domain concentration/fragmentation – telecom sector

Country *)	Number of sector-related trade unions (n_unions)	Domain comprehensiveness: overlapping domains (OD): (1= yes, pervasive; 0 = no, minor)	Index value (n_unions x OD), increases with level of fragmentation
AT: GPA* GPF*	2	1	2
BE: CGSP Telecom-Aviation CSC Transcom Telecoms SLFP-Groupe Belgacom CNE LBC SETCa CGSLB	7	0	0
DK: Dansk Metal* HK Privat* AC-Tele* Lederforeningen i TDC* DEF*	5	1	5
ES: FCT CC.OO* FTCM-UGT* ELA STC* COBAS* AST* APLI* UTS*	8	1	8
FI: YTN ^a TU* Sähköalanamattiliitto* Metallityöväen Liitto*	4	1	4
FR: CGT-PTT* CGT-FO-COM* CFTC-PTT* F3C-CFDT*	7	1	7

SNT-CFE-CGC* SUD-PTT* UNSA-Télécoms*			
DE: ver.di* IG Metall* IG BCE* Transnet* CGPT*	5	1	5
GR: OME-OTE	1	0	0
IR: CWU* CPSU* PSEU* IMPACT*	4	1	4
IT: SLC-CGIL* FISTEL-CISL* UILCOM-UIL UGL-COM	4	1	4
NL: AbvaKabo* FNV Bondgenoten* Bond van Telecompersoneel* CNV Publieke Zaak CNV Diensten CMMF/VPP De Unie	7	1	7
PT: SINTTAV* SIPT* SINDETELCO* SNTCT* STT* ^b SERS* ^b SITESE* ^b FENTCOP* ^b SICOMP* ^b TENSIQ* ^b USI* ^b SETN* ^b FENSIQ* ^b SNE* ^b SNAQ* ^b	15	1	15
SW^c: SEKO* SIF* ^d SI* Ledarna* ST	5	1	5

UK: CWU* CONNECT*	2	1	2
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*) domain overlaps with other sector-related organisations;

^a with IL, SEFE and TEK

^b small unions, usually organising less than 200 employees in the sector

^c IST 1999

^d The two white-collar unions SIF and HTF merged in 2008 to form Unionen;

Source: Traxler (2007c)

Table 55: Extension practice and CB coverage – telecom sector

Country	Extension practice pervasive = 2/moderate = 1/marginal or non- existing = 0	CB coverage
AT	(2)	100
BE	2	100
DK	0	90
ES	0	97
FI	2	~ 90
FR	2	100
DE	0	n.a.
GR	0	n.a.
IR	0	n.a.
IT	(2)	~ 80
NL	0	n.a.
PT	0	23
SW	0	90
UK	0	39

Sources : Traxler 2007c, EC 2004b;

Table 56: Sector-level CB – telecom sector

Country	Dominant level of CB (DL): central/inter-sectoral = 2, sectoral (national) = 1, company-level = 0; if two levels equally important sum/2	Existence of covert coordination mechanisms in the form of pattern bargaining (CM): 2= yes, 1 = no	Existence of both peace obligation and legal enforceability of collective agreements (BGOV): 2 = yes, 1 = no	Index Bargaining Coordination Mechanism: DL x CM x BGOV
AT	1	2	2	4
BE	1,5	1	1	1,5
DK	1	1	2	2
ES ^b	0	1	1	0
FI	1,5	1	2	3
FR ^a	1,5	1	1	1.5
DE ^b	0	2	2	0
GR ^b	0	1	2	0
IR ^c	1 (2+0/2)	1	1	1
IT	1	1	1	1
NL ^d	0	1	2	1
PT ^c	0	1	1	0
SW	1	1	2	2
UK	0	1	1	0

^a Centralised bargaining covering the public sector as a whole includes the telecommunication sector's employees still employed under public law terms. The majority of employees in France Telecom have civil servant status.

^b no sectoral multi-employer bargaining, collective bargaining exclusively or predominantly on company-level

^c A central agreement that includes the telecom sector exists at national level. At company-level, single-employer bargaining is applied.

^d no sector-related collective agreement, majority of collective agreements on company-level

Source: Traxler 2007c; EC, 2004b;

Table 57: Union density of sector-related trade unions – telecom sector

Country: Organisation	Union density (in %)				
	National average	estimate based on services sectors ^b	DOMAIN density ^b	Sector- density (Traxler 2007)	Aggregate sector density
AT:	35,4	27			
GPA			18,6	n.a.	
GPF			80	85 %	~ 70-85
BE:	55,8	45			
CSC Transcom Telecoms			35	14.8	
CGSP-FGTB Belgacom (1998) ^a			28,5		32
DK:	73,8	77			
HK Privat			50	40	
Dansk Metall					
DEF			80	75	
AC Tele				100	
Lederforening en i TDC				100	
DEF				75	
					(~ 80 %)
FI:	71,2	64			(~ 65-70)
YTN			75		
- Metallityöväen Liitto					
- Sähköalanam- mattiliitto			88		
FR:	9,7	12			
CGT PTT (1998)			31,16		
FUPT-CFDT (1998)			22,4		~ 20-25
DE:	23,2	16			
DPG (1998)			< 65,5		~ 50-60
GR:	26,7 (1999)	14			n.a.
OME-OTE (1998)			< 100		
IT:	34	26			~10-15
SLC-CGIL (1998)			13,4	12,5	
			16		
FISTEL-CISL (1998)					
UILCOM-UIL				14,4	
IR:	35,9	23			
CWU (1998)			< 71,8		n.a.
NL:	22,5	19			< 20
AbvaKabo (1998)			21		

PT: STT STPT	24	13	3 25		~ 8-13
ES: FTCM-UGT (1998) FCT CC.OO (1998)	14,9	14	10,64 11,40		~ 57
SE: SIF (white-collar) SEKO (1998) blue-collar;	78	65	40-50 33,76		n.a.
UK: CONNECT CWU	30,7	15	24 45-50	8 40	~ 25-30

Sources: Traxler 2007c; EC 2004b;

^a EC 2006.

^b 1998 figures are derived from the Rapport annuel sur la concertation et la négociation. Les organisations d'employeurs et de salariés dans le secteur des télécommunications au sein de l'UE, Université Catholique de Louvain, Institut des Sciences du Travail, 1999. Thus, membership data refers only to employees of the state-owned telecommunication operators. Densities refer to the membership *domain* of the sector-related trade union organisations.

Annex 5: Tables CONSTRUCTION SECTOR

Table 58: Representational domain concentration/fragmentation – construction sector

Country *)	Number of sector-related trade unions ^a (n_unions)	Domain comprehensiveness: overlapping domains (OD): (1= yes, pervasive; 0 = no, minor)	Index value (n_unions x OD), increases with level of fragmentation
AT: GPA-DJP GBH	2	0	0
BE: FGTB CSC CGSLB	3	1	3
DK: BRD* DEF* Dansk Metal* TIB* HK/Industri Malerforbundet* 3F*	7	1	7
ES: FECOMA-CC.OO* FEMCA-UGT* ELA/STV CIG	4	1	4
FI: RL* Puuliitto* Sähköalan ammattiliitto* TU	4	1	4
FR: FO-BTP* FNCB CFDT* FTC CGT* SNCTBTP CFE- CGC BATI-MAT TP- CFTC*	5	1	5
DE: IG Bau IG Metall ^b	2	0	0
GR: OSEE	1	0	0
IR: SIPTU* BATU* UCATT*	9	1	9

OPATSI* Amicus* ^{c d} TEEU T&G* ^d NUSMWI* MPGWU* ^e			
IT: FILLEA (CGIL) FILCA (CISL) FENEAL (UIL) UGL-Costruzioni FAILEA (CISAL)	5	1	5
NL: FNV Bouw* Hout en Bouwbond CNV* HZC* De Unie* VHP	5	1	5
PT: FNSCMMC (CGTP-IN)* SETACOO*	2	1	2
SW: SB SST SEF Målareförbundet SBP SIF ^f	6	1	6
UK: UCATT* T&G* ^d GMB Amicus ^c	4	1	4

*) domain overlaps with other sector-related organisations;

^a EFBWW-affiliated organisations 2007 plus other sector-related organisations according to the study of the University of Louvain, IST 1999.

^b organising the small segment of workers in the wood and plastics sector;

^c Amicus results from a merger of AEEU (Amalgamated Engineering and Electrical Union) and MSF (Manufacturing, Science and Finance) as well as the finance sector union UNIFI and GPMU (The Graphical, Paper and Media Union) in 2001. AEEU itself resulted from a merger of EETPU (Electrical, Electronic, Telecommunications and Plumbers Unions) and PTU (Plumbing Trades Union) in 1992.

^d Amicus and T&G merged to form Unite in May 2007.

^e small union organising less than 100 workers in the sector

^f The two white-collar unions SIF and HTF merged in 2008 to form Unionen.

Source: IST 1999a, EFBWW (list of affiliates May 2007)

Table 59: Extension practice and CB coverage – construction sector

Country	Extension practice: 2 = pervasive functional equivalents (in brackets), moderate = 1, marginal or non- existing = 0	CB coverage rate (2001) ^a
AT	(2)	< 100
BE	2	>90 ^c
DK	0	75
ES	2	71
FI	2	> 80 ^c
FR	2	90-95 ^c
DE	2	84 (West), 51 (East)
GR	1	n.a. ^c
IR	0	n.a.
IT	(2)	70 ^c
NL	2	98
PT	2	91 ^b
SW	0	> 90 ^c
UK	0	24

Sources : Traxler/Behrens (2002), Marginson, P./Traxler, F. (2005)

^a *adjusted* coverage rates defined as the number of employees covered by a collective agreement as a proportion of the number of employees equipped with the right to bargain.

^b 1999

^c coexistence of one sector agreement that covers the totality of workers in the sector and is supplemented by several other agreements – often specified according to occupational groups and crafts - on the regional and company-level (IST 1999, p. 80);

Table 60: Sector-level CB – construction sector

Country	Dominant level of CB (DL): central/inter-sectoral = 2, sectoral (national) = 1, company-level = 0; if two levels equally important sum/2	Existence of covert coordination mechanisms in the form of pattern bargaining (CM): 2= yes, 1 = no	Existence of both peace obligation and legal enforceability of collective agreements (BGOV): 2 = yes, 1 = no	Index Bargaining Coordination Mechanism: DL x CM x BGOV
AT	1	2	2	4
BE	1,5	1	1	1,5
DK	1	1	2	2
ES	0,5 (1+0)/2	1	1	0,5
FI	1,5	1	2	3
FR	0,5	1	1	0,5
DE	1	2	2	4
GR	0,5 (1+0)/2	1	2	1
IR	2	1	1	2
IT	1	1	1	1
NL	1	1	2	2
PT	0,5 (1+0)/2	1	1	0,5
SW	1	1	2	2
UK	0	1	1	0

Source: EC 2004b;

Table 61: Union density of sector-related trade unions – construction sector

Country: Organisation	Union density (in %)	
	National average	Aggregate sectoral density (reported gross densities) (IST 1999 ^a)
AT: GPA, GBH	35,4	38
BE: FGTB, CSC	55,8	~ 95
DK: BRD, DEF, Dansk Metal, TIB, HK/Industri, Malerforbundet, SID ^b	73,8	~ 90
ES: FECOMA-CC.OO, FEMCA-UGT, ELA/STV, CIG	14,9	8
FI: RL, Puoliitto, Sähköalan ammattiliitto	71,2	85
FR: FO-BTP, FNCB CFDT, FTC CGT, BATI-MAT TP- CFTC	9,7	9,5
DE: IG Bau, IG Metall	23,2	26
GR: OOSSE	26,7 (1999)	54
IR: SIPTU, BATU, UCATT, OPATSI, AAEU ^c , TEEU, ATGWU ^d , NUSMWI, MPGWU	35,9	52
IT: FILLEA, FILCA, FENEAL, UGL-Costruzioni,	34	32

FAILEA		
NL:	22,5	53
FNV Bouw, Hout en Bouwbond CNV, HZC, VHP		
PT:	24	15
FNSCMMC, SETACOOOP		
SE:	78	86
SB, SST, SEF, Målareförbundet, SBP SIF ^c		
UK:	30,7	21
UCATT, T&G ^d GMB, AAEU ^c , MSF ^c		

Sources: IST 1999a, EC 2004b;

^a own estimate based on IST 1999a, on the basis of organisations for which data were available;

^b In 2004 SID (Specialarbejderforbundet) – The National Union of General Workers in Denmark – merged together with KAD (Kvindeligt Arbejderforbund i Danmark) - The National Union of Women Workers – to create Fagligt Fælles Forbund (3F).

^c AEEU (Amalgamated Engineering and Electrical Union) and MSF (Manufacturing, Science and Finance) as well as the finance sector union UNIFI and GPMU (The Graphical, Paper and Media Union) merged in 2001 in order to create Amicus. AEEU itself resulted from a merger of EETPU (Electrical, Electronic, Telecommunications and Plumbers Unions) and PTU (Plumbing Trades Union) in 1992.

^e The two white-collar unions SIF and HTF merged in 2008 to form Unionen.

^d Amicus and T&G merged to form Unite in May 2007.

Annex 6: Tables BANKING SECTOR

Table 62: Representational domain concentration/fragmentation – banking sector

Country	Number of sector-related trade unions (n_unions)	Domain comprehensiveness: overlapping domains (OD): (1= yes, pervasive; 0 = no, minor)	Index value (n_unions x OD), increases with level of fragmentation
AT: GPA-DJP	1	0	0
BE: SETCa* CNE-CSC* LBC-NVK* CGSLB* CGSP-Poste*	5	1	5
DK: FF	1	0	0
ES: COMFIA CC.OO* UGT-FES* ELA/STV CSICA* FITC* FAMIBAC*	6	1	6
FI: SOURA* SEFE*	2	1	2
FR: CFDT-Cadres*, FFSBSF-CFDT*, FEC-FO* FO-FINANCES* CFTC Banques* FSPBA-CGT* UGICT-CGT* SNB CFE-CGC*	8	1	8
DE: Ver.di* DBV*	2	1	2
GR: OTOE	1	0	0
IR: IBOA*, SIPTU*, Amicus ^a *	3	1	3
IT: FISAC*, FIBA*, UILCA*, FABI*, FALCRI*, Dircredito*, SINFUB*	7	1	7
NL: FNV Bondgenoten*, CNV Dienstbond*, De Unie*	3	1	3

PT: SBSI*, SBN*, SBC*, SNQTB*	4	1	4
SW: Finansförbundet*, JUSEK*, CF, CIVILEKONOMERNA*, SEKO*, ST	6	1	6
UK: Amicus ^a *, GMB*, CWU*, PCS*, ACCORD*	5	1	5

*) domain overlaps with other sector-related organisations;

^a before Amicus – T&G merger in May 2007!

Source: IST 2000, own research (UNI-Europa Finance);

Table 63: Extension practice and CB coverage – banking sector

Country	Extension practice pervasive = 2/moderate = 1/marginal or non- existing = 0	Index CBC (≥ 50 %, 1= yes, 0= no) + Extension practice	CB coverage
AT	(2)	3	100
BE	2	3	> 90 ^a
DK	0	1	100
ES	1	2	98
FI	2	3	> 97
FR	2	3	83
DE	0	1	> 65 ^{a b}
GR	1	2	70
IR	0	0	n.a.
IT	(2)	3	~ 80
NL	0	1	~ 90
PT	2	3	< 100
SW	0	1	> 90
UK	0	0	41

^a Marginson et al. 2003

^b 65 % CBC in Western Germany

Sources : IST, 2000; EC, 2004b, OECD, 2004.

Table 64: Sector-level CB – banking sector

Country	Dominant level of CB (DL): central/inter-sectoral = 2, sectoral (national) = 1, company-level = 0; if two levels equally important sum/2	Existence of covert coordination mechanisms in the form of pattern bargaining (PB): 2= yes, 1 = no	Existence of both peace obligation and legal enforceability of collective agreements (BGOV): 2 = yes, 1 = no *)	Index Bargaining Coordination Mechanism: DL x PB x BGOV
AT	1	2	(2)	4
BE	1,5	1	1	1,5
DK	1	1	2	2
ES	1	1	1	1
FI	1	1	2	2
FR	0.5	1	1	0.5
DE	0.5	2	2	2
GR	1	1	2	2
IR	0	1	1	0
IT	1	1	(1)	1
NL	0.5	1	2	1
PT	1	1	1	1
SW	1	1	2	2
UK	0	1	1	0

*) functional equivalents in ()

Source: IST, 2000, EC, 2004b;

Table 65: Union density of sector-related trade unions – banking sector

Country: Organisation	Union density (in %)		
	Sector aggregate	Service sector general	Manufacturing
AT:		27	40
GPA-DJP	43		

BE:		45	55
SETCa, CNE, LBC	< 60		
DK:		77	85
FF	~ 98		
ES:		14	14
COMFIA, FES, FITC	< 30		
FI:		64	78
SUORA	88		
FR:		12	9
CFDT Banques, FEC-FO, CFTC Banques, CGT, SNB-CGC	11		
DE:		16	29
Ver.di	< 15		
GR:		14	20
OTOE	84		
IR:		23	44
IBOA, SIPTU, MSF ^a	~ 30		
IT:		26	25
FISAC, FIBA, UILCA	51		
NL:		19	32
FNV Bondgenoten, CNV Dienstenbond, De Unie	~ 20		
PT:		13	
SBSI, SBN, SBC, SNQTB	~ 90		13
SW:		65	88
Finansförbundet, JUSEK, CF, CIVILEKONOMERNA, ST	~ 80		
UK:		15	22
MSF, UNIFI ^a	< 10		

^a MSF (Manufacturing, Science and Finance) as well as the finance sector union UNIFI, GPMU (The Graphical, Paper and Media Union) and AEEU (Amalgamated Engineering and Electrical Union) merged in 2001 to form Amicus.

Sources: IST, 2000, EC 2004b, own research UNI Finance ;

Annex 7: Tables CLEANING SECTOR

Table 66: Representational domain concentration/fragmentation – cleaning sector

Country	Number of sector-related trade unions (n_unions)	Domain comprehensiveness: overlapping domains (OD): (1= yes, pervasive; 0 = no, minor)	Index value (n_unions x OD), increases with level of fragmentation
AT: GHGPD, GPA-DJP, GBH	3	0	0
BE: FGTB*, CSC-AS*, CNE-GNC*, LBC-NVK*, SETCa*, CGSLB*	6	1	6
DK: 3F ^a , SF*, FOA, Blik og Rørforbundet*	4	1	4
ES: Servicios-CIG*, FeS-UGT*, Área de Servicios-USO*, FAADD-CCOO*, ELA-ZERBITZUAK*	5	1	5
FI: PAM, TU, VAL, The cleaning sector union	4	0	0
FR: CFDT*, CGT-FO*, CFTC*, FNES-CGC*, CGT*	5	1	5
DE: IG BAU	1	0	0
GR: OIYE	1	0	0
IR: SIPTU	1	0	0
IT: FILCAMS*, FISACAT*, UIL Trasporti*, UGL Igiene Ambientale*, FENASALC*	5	1	5
NL: FNV Bondgenoten*, CNV Bedrijvenbond*	2	1	2
PT: SLEDA*, SITESE*, SITESE*, STAD*	4	1	4
SW: Fastighets-anställdas Förbund F, HTF, Kommunal, Ledarna	4	0	0
UK: TGWU*, GMB*, PCS*, Unison*, USDAW*	5	1	4

Sources: IST, 2004.

^a Merger of SID and KAD in 2004, resulted in the formation of Fagligt Fælles Forbund (3F).

Table 67: Extension practice and CB coverage – cleaning sector

Country	Extension practice pervasive = 2/moderate = 1/marginal or non- existing = 0 ^a	Index CBC (≥ 50 %, 1= yes, 0= no) + Extension practice	CB coverage
AT	(2)		98
BE	2		100 ^b
DK	0		76,5
ES	2		n.a. ^c
FI	2		100
FR	2		89,45
DE	2		> 87
GR	n.a.*		n.a.
IR	0**		93
IT	(2)***		~ 90
NL	2*)		> 82
PT	2**)		~ 100
SW	0		85-90
UK	0		~ 10 ^d

Sources: IST (2004), Marginson/Traxler (2005);

^a functional equivalents in ()

^b Two Joint Committees (No. 121 Cleaning and Disinfection Enterprises, No. 218 White-collar workers) conclude several collective agreements, see Université Catholique de Louvain (2004);

^c Most collective bargaining in the cleaning sector takes place at autonomous community and provincial levels. All Spanish provinces and some autonomous communities have their own collective agreements, and these cover all companies in the cleaning sector in the relevant area. However, since there is no data available on the coverage rate of agreements concluded by provincial-level bodies, the CBC in the entire sector cannot be soundly estimated.

^d estimate based IST (2004) and Grainger/Growthier (2007);

* In Greece, three different collective agreements which cover workers in the cleaning sector, i.e. commerce sector collective agreement, services collective agreement; manufacturing industry cleaners' agreement. No information about extension in the narrow sense, i.e. the extension of the agreement in its entire field of application provided that at least 50 % of employees in the sector or occupation are covered by the agreement. Could be possible for the manufacturing industry cleaners – however, there is no data available on the number of cleaning sector workers who are covered by this agreement. In Greece, no legal provisions for the extension of collective agreements to other branches are existing (Traxler/Behrens 2002).

** In Ireland, the high collective bargaining coverage rate in the cleaning sector results from the co-existence of a voluntary framework of collective bargaining on the inter-sectoral ('Programme for Competitiveness and Fairness 2002' and 'Sustaining Progress Agreement 2003-2005') and sectoral level (i.e. collective agreements in the framework of the 'Employment Regulation Orders Contract Cleaning') and the regulation of some working conditions in part of the cleaning by law (IST 2004).

*** As to the coverage rate of the national collective agreements, Italy's "*erga omnes*" practice of extension of collective agreements makes it difficult to calculate precise statistical data. The existence of two different industry-wide agreements applying to several types of company, and of a third agreement between autonomous associations, as well as the presence of 16 signatory organisations,

make it much more complicated (IST 2004).

*) The cleaning sector agreement was subject to a *general extension*. Thus, coverage in the cleaning sector exceeds 80 % (IST 2004).

**) The collective work contracts (CCTs) applied in the sector have a coverage rate of 100% in the sector according to a publication of the CCT Decree Law (IST 2004).

Table 68: Sector-level CB – cleaning sector

Country	Dominant level of CB (DL): central/inter-sectoral = 2, sectoral (national) = 1, company-level = 0; if two levels equally important sum/2	Existence of covert coordination mechanisms in the form of pattern bargaining (CM): 2= yes, 1 = no	Existence of both peace obligation and legal enforceability of collective agreements (BGOV): 2 = yes, 1 = no	Index Bargaining Coordination Mechanism: DL x CM x BGOV
AT	1	2	2	4
BE	1	1	1	1
DK	0,5 (1+0)	1	2	1
ES	1	1	1	1
FI	1	1	2	2
FR	1	1	1	1
DE	0,5 (1+0)	2	2	2
GR	1	1	2	2
IR	2	1	1	2
IT	1	1	1	1
NL	1	1	2	2
PT	1	1	1	1
SW	1	1	2	2
UK	0	1	1	0

Source:IST 2000, EC 2004b;

Table 69: Union density of sector-related trade unions – cleaning sector

Country: Organisation	Union density (in %)	
	Domain (too many missings in IST 2004)	Sector
AT: GHGP		35
BE: FGTB		37
DK: SID, KAD, SF, FAO, Blik og Rørforbundet		79
ES: Servicios-CIG, FeS-UGT, Área de Servicios-USO, FAADD-CCOO, ELA-ZERBITZUAK		23
FI: PAM, TU, VAL		> 41 ^a
FR: CFDT-Services Federation, CFTC-Commerce, Services and Sales Federation, CGT Port and Docks Federation		8 ^b
DE: IG BAU		7
GR: OIYE		< 20
IR: SIPTU		25
IT: FILCAMS, FISACAT, UIL Transport, UGL Igiene Ambientale		> 43
NL: FNV Bondgenoten, CNV Bedrijvenbond		7
PT: SLEDA, UGT		> 15
SW: Fastighets-anställdas Förbund F, HTF, Kommunal, Ledarna		45
UK:		30,5 ^c

Source: IST, 2004.

^a Sector density based on the number of members of the 3 sector-related unions for which data is available (IST 2004). However, since sectoral membership of the The Cleaning Sector Union – for which data is lacking – is expected to be higher, the aggregate sector density is estimated to be slightly higher.

^b estimate includes membership figures of CGT-FO Equipment, Environment, Transport and Services Federation for 1995, in Ebbinghaus/Visser (2000);

^c personal service occupations, in Grainger/Growther (2007), Trade Union Membership 2006. Department for Trade and Industry, UK.

Annex 8 – Market Regulation

Table 70 – Index market regulation: Metal sector

METAL	OECD-Index Product Market Regulation (PMR) (2003)	Product Market Regulation (European and/or national)	Labour Market Regulation (European and/or national)	Total index value
	Classification of countries in 3 categories (1= low: PMR values 0,9-1,2), 2= medium: PMR-values 1,3- 1,6: 3= high PMR-values > =1,7)	1 = low 2 = medium 3 = high (assessment expert interviews)	1 = low 2 = medium 3 = high (assessment expert interviews)	
AT	2	1	1	2
BE	2	1	1	2
DK	1	1	1	1
ES	2	1	1	2
FI	2	1	1	2
FR	3	1	1	3
DE	2	1	1	2
GR	3	1	1	3
IR	1	1	1	1
IT	3	1	1	3
NL	2	1	1	2
PT	2	1	1	2
SW	1	1	1	1
UK	1	1	1	1

Table 71 – Index market regulation: Chemical sector

CHEMICAL	OECD-Index Product Market Regulation (PMR) (2003)	Product Market Regulation (European and/or national)	Labour Market Regulation (European and/or national)	Total index value
	Classification of countries in 3 categories (1= low: PMR values 0,9-1,2), 2= medium: PMR-values 1,3- 1,6: 3= high PMR-values > =1,7)	1 = low 2 = medium 3 = high (assessment expert interviews)	1 = low 2 = medium 3 = high (assessment expert interviews)	
AT	2	2	1	4
BE	2	2	1	4
DK	1	2	1	2
ES	2	2	1	4
FI	2	2	1	4
FR	3	2	1	6
DE	2	2	1	4
GR	3	2	1	6
IR	1	2	1	2
IT	3	2	1	6
NL	2	2	1	4
PT	2	2	1	4
SW	1	2	1	2
UK	1	2	1	2

Table 72 – Index market regulation: Food production sector

FOOD	OECD-Index Product Market Regulation (PMR) (2003)	Product Market Regulation (European and/or national)	Labour Market Regulation (European and/or national)	Total index value
	Classification of countries in 3 categories (1= low: PMR values 0,9-1,2), 2= medium: PMR-values 1,3- 1,6: 3= high PMR-values > =1,7)	1 = low 2 = medium 3 = high (assessment expert interviews)	1 = low 2 = medium 3 = high (assessment expert interviews)	
AT	2	1	1	2
BE	2	1	1	2
DK	1	1	1	1
ES	2	1	1	2
FI	2	1	1	2
FR	3	1	1	3
DE	2	1	1	2
GR	3	1	1	3
IR	1	1	1	1
IT	3	1	1	3
NL	2	1	1	2
PT	2	1	1	2
SW	1	1	1	1
UK	1	1	1	1

Table 73 – Index market regulation: Telecommunications sector

TELECOM	OECD-Index Product Market Regulation (PMR) (2003)	Product Market Regulation (European and/or national)	Labour Market Regulation (European and/or national)	Total index value
	Classification of countries in 3 categories (1= low: PMR values 0,9-1,2), 2= medium: PMR-values 1,3- 1,6: 3= high PMR-values > =1,7)	1 = low 2 = medium 3 = high (assessment expert interviews)	1 = low 2 = medium 3 = high (assessment expert interviews)	
AT	2	2	1	4
BE	2	2	1	4
DK	1	2	1	2
ES	2	2	1	4
FI	2	2	1	4
FR	3	2	1	6
DE	2	2	1	4
GR	3	2	1	6
IR	1	2	1	2
IT	3	2	1	6
NL	2	2	1	4
PT	2	2	1	4
SW	1	2	1	2
UK	1	2	1	2

Table 74 – Index market regulation: Construction sector

CONSTRUCTION	OECD-Index Product Market Regulation (PMR) (2003)	Product Market Regulation (European and/or national)	Labour Market Regulation (European and/or national)	Total index value
	Classification of countries in 3 categories (1= low: PMR values 0,9-1,2), 2= medium: PMR-values 1,3-1,6: 3= high PMR- values >=1,7)	1 = low 2 = medium 3 = high (assessment expert interviews)	1 = low 2 = medium 3 = high (assessment expert interviews)	
AT	2	3	3	18
BE	2	3	3	18
DK	1	3	3	9
ES	2	3	3	18
FI	2	3	3	18
FR	3	3	3	27
DE	2	3	3	18
GR	3	3	3	27
IR	1	3	3	9
IT	3	3	3	27
NL	2	3	3	18
PT	2	3	3	18
SW	1	3	3	9
UK	1	3	3	9

Table 75 – Index market regulation: Banking sector

BANKING	OECD-Index Product Market Regulation (PMR) (2003)	Product Market Regulation (European and/or national)	Labour Market Regulation (European and/or national)	Total index value
	Classification of countries in 3 categories (1= low: PMR values 0,9-1,2), 2= medium: PMR-values 1,3- 1,6: 3= high PMR-values > =1,7)	1 = low 2 = medium 3 = high (assessment expert interviews)	1 = low 2 = medium 3 = high (assessment expert interviews)	
AT	2	1	1	2
BE	2	1	1	2
DK	1	1	1	1
ES	2	1	1	2
FI	2	1	1	2
FR	3	1	1	3
DE	2	1	1	2
GR	3	1	1	3
IR	1	1	1	1
IT	3	1	1	3
NL	2	1	1	2
PT	2	1	1	2
SW	1	1	1	1
UK	1	1	1	1

Table 76 – Index market regulation: Cleaning sector

CLEANING	OECD-Index Product Market Regulation (PMR) (2003)	Product Market Regulation (European and/or national)	Labour Market Regulation (European and/or national)	Total index value
	Classification of countries in 3 categories (1= low: PMR values 0,9-1,2), 2= medium: PMR-values 1,3- 1,6: 3= high PMR-values > =1,7)	1 = low 2 = medium 3 = high (assessment expert interviews)	1 = low 2 = medium 3 = high (assessment expert interviews) (Services Directive?, posting of workers)	
AT	2	1	2	4
BE	2	1	2	4
DK	1	1	2	2
ES	2	1	2	4
FI	2	1	2	4
FR	3	1	2	6
DE	2	1	2	4
GR	3	1	2	6
IR	1	1	2	2
IT	3	1	2	6
NL	2	1	2	4
PT	2	1	2	4
SW	1	1	2	2
UK	1	1	2	2

Annex 9 – Output regression analysis

Logistic regression

Log pseudolikelihood = -19.627451

Wald chi2(9) = 1610.16

Prob > chi2 = 0.0000

Pseudo R2 = 0.4308

(Std. Err. adjusted for 11 clusters in count)

sector_d	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
exp	.2542018	.0686936	3.70	0.000	.1195648	.3888387
fdi	-.0207911	.1220926	-0.17	0.865	-.2600882	.2185059
lmob	-.0652027	.1874172	-0.35	0.728	-.4325338	.3021284
pmr	-.1218797	.0654144	-1.86	0.062	-.2500895	.0063302
frag	.0683679	.1345336	0.51	0.611	-.1953131	.3320488
cbc	.0806824	.0448249	1.80	0.072	-.0071728	.1685376
lev	-6.562664	5.894149	-1.11	0.266	-18.11498	4.989657
coor	.6073081	1.124802	0.54	0.589	-1.597263	2.81188
ud	.0466501	.0109596	4.26	0.000	.0251696	.0681305
_cons	-7.381045	3.03805	-2.43	0.015	-13.33551	-1.426576

Logistic regression

Log likelihood = -19.627451

Prob > chi2 = 0.0005

Pseudo R2 = 0.4308

sector_d	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
exp	.2542018	.1184206	2.15	0.032	.0221016	.486302
fdi	-.0207911	.1363633	-0.15	0.879	-.2880584	.2464761
lmob	-.0652027	.1755716	-0.37	0.710	-.4093167	.2789113
pmr	-.1218797	.1312342	-0.93	0.353	-.379094	.1353347
frag	.0683679	.2031749	0.34	0.736	-.3298476	.4665833
cbc	.0806824	.0420352	1.92	0.055	-.0017051	.1630698
lev	-6.562664	2.863156	-2.29	0.022	-12.17435	-.9509817
coor	.6073081	.7023571	0.86	0.387	-.7692864	1.983903
ud	.0466501	.0175859	2.65	0.008	.0121824	.0811178
_cons	-7.381045	2.989214	-2.47	0.014	-13.2398	-1.522293

Variables: exp = ‘export dependence’; fdi = ‘foreign direct investments’; lmob = ‘labour mobility’; pmr = ‘product market regulation’ (index); frag = ‘union fragmentation’ (index), cbc = ‘collective bargaining coverage’; lev = ‘bargaining level’; coord = ‘bargaining coordination’ (index); ud = ‘union density’, for a detailed variable description see table 4, section 5.

Annex 10 – Frequencies economic and institutional variables by sectors

Table 77 – Export dependence:

sector	Obs	Mean	Std. Dev.	Min	Max
MET	14	37.28445	9.301524	19.27797	52.85274
CHEM	14	12.87527	7.293669	5.890779	31.929
FOOD	14	7.93195	4.925156	1.721016	18.47922
COM	13	.8064516	.4234936	.3217988	1.906383
CON	13	.6635489	.4234936	.0213567	1.381962
FIN	13	1.4319	2.205726	.1129603	8.105795
PSER	13	.3248052	.2396758	.0181294	.799193

Table 78 – Capital mobility (FDI):

sector	Obs	Mean	Std. Dev.	Min	Max
MET	11	6.942971	7.697432	.8141003	25.51824
CHEM	11	5.260849	7.567514	1.075179	27.238
FOOD	11	2.649517	2.961521	.2194869	10.14565
COM	10	3.084649	4.445528	.3422115	15.40531
CON	10	.4576555	.5166353	-.0292938	1.74202
FIN	11	9.90818	9.05665	3.83122	35.75129
PSER	11	1.527815	2.156805	-.9225469	6.96808

Table 79 – Labour mobility:

sector	Obs	Mean	Std. Dev.	Min	Max
MET	13	5.687099	3.409486	1.169943	11.81579
CHEM	13	5.687099	3.409486	1.169943	11.81579
FOOD	13	5.687099	3.409486	1.169943	11.81579
COM	13	4.354887	2.751937	1.034807	9.431746
CON	13	7.639041	7.331088	.904264	27.36892
FIN	13	2.712332	2.636794	.4591883	9.90869
PSER	13	5.174904	2.708978	1.353889	10.67809

Table 80 – Product market regulation (Index):

sector	Obs	Mean	Std. Dev.	Min	Max
MET	14	1.928571	.7300459	1	3
CHEM	14	3.857143	1.460092	2	6
FOOD	14	1.928571	.7300459	1	3
COM	14	3.857143	1.460092	2	6
CON	14	17.35714	6.570413	9	27
FIN	14	1.928571	.7300459	1	3
PSER	14	3.857143	1.460092	2	6

Table 81 – Union fragmentation (Index):

sector	Obs	Mean	Std. Dev.	Min	Max
MET	14	2.428571	2.208873	0	7
CHEM	14	4.285714	2.757607	0	11
FOOD	12	3.416667	2.193309	0	8
COM	14	4.857143	3.799942	0	15
CON	14	3.785714	2.694112	0	9
FIN	14	3.357143	2.706321	0	7
PSER	14	2.5	2.409915	0	6

Table 82 – Collective bargaining coverage:

sector	Obs	Mean	Std. Dev.	Min	Max
MET	13	89.61538	23.94886	16.5	100
CHEM	11	80.22727	25.04732	22	100
FOOD	12	92.33333	22.95978	20	100
COM	10	80.9	27.30669	23	100
CON	12	79.54167	20.42665	24	100
FIN	13	84.92308	17.44736	41	100
PSER	12	84.45417	24.61656	10	100

Table 83 – Collective bargaining level (Index):

sector	Obs	Mean	Std. Dev.	Min	Max
MET	14	.6428571	.3631365	0	1
CHEM	14	.7142857	.4688072	0	1.5
FOOD	14	.9285714	.2672612	0	1
COM	14	.6785714	.638723	0	1.5
CON	14	1	.4803845	0	2
FIN	14	.7857143	.4258153	0	1.5
PSER	14	.9285714	.4322189	0	2

Table 84 – Collective bargaining coordination mechanisms (Index):

sector	Obs	Mean	Std. Dev.	Min	Max
MET	14	1.357143	1.307207	0	4
CHEM	14	1.678571	1.435902	0	4
FOOD	14	1.714286	1.138729	0	4
COM	14	1.142857	1.277446	0	4
CON	14	1.714286	1.266647	0	4
FIN	14	1.428571	1.035098	0	4
PSER	14	1.571429	.9376145	0	4

Table 85 – Union density:

sector	Obs	Mean	Std. Dev.	Min	Max
MET	10	76.75	16.75187	40	92.5
CHEM	14	46.42857	26.19664	10	90
FOOD	12	29.49167	24.01974	5	72
COM	11	42.27273	25.98496	11	80
CON	14	47.46429	31.13152	8	95
FIN	14	50.71429	32.33581	10	98
PSER	14	29.67857	19.47346	7	79

Annex 11 – Overview of the hypotheses and factors in relation to the Europeanisation process:

<i>Factors of influence</i>	Centralised Europeanisation	Decentralised Europeanisation	Alternative Approaches
Basic assumptions:	Formalised and strongly institutionalised coordination approach adopted by the EIFs and the ETUC ('top-down'), involving common European principles and guidelines for the transnational coordination of collective bargaining policies, including formalised instruments for wage bargaining.	Transnational collective bargaining networks and autonomous inter-union initiatives for the coordination of wages and working conditions which are not backed by centralised EIF policies and instruments for the cross-border coordination of CB ('bottom-up').	Non-CB approaches: <ul style="list-style-type: none"> • European sectoral social dialogue • Lobbying for European regulation
Economic Factors:			
<i>Labour Mobility</i> Hypothesis H1	H1.a: A high degree of labour mobility is a disincentive for EIFs to take on a strong role in setting up structures for the transnational coordination of CB since they prefer other strategies than collective bargaining to safeguard the wages and working conditions of transnationally mobile workers (e.g. lobbying for EU legislation, cf. H1.c).	H1.b: A high extent of labour mobility in a sector is an incentive for trade unions to initiate cross-border coordination projects and activities aimed at the protection of national/local labour markets and standards. Such autonomous inter-union cooperation is not backed by EIF policies and instruments for the Europe-wide coordination of CB.	H1.c A high degree of labour mobility in a sector is an incentive for the European social partners to directly press the EU legislator for legislative initiatives. Thus, lobbying the Commission and other EU institutions in order to guarantee legally binding Europe-wide minimum standards is an important strategy of the EIF.

<i>Factors of influence</i>	Centralised Europeanisation	Decentralised Europeanisation	Alternative Approaches
<i>Capital mobility</i> Hypothesis H2	H2.a: A high degree of capital mobility establishes an incentive for European Industry Federations to agree on European minimum standards and thus to adopt top-down elements for CB policy coordination.	H2.b: A high level of capital mobility fosters the establishment of decentralised, trade union-led initiatives for the cross-border coordination of collective bargaining.	H2.c: A high degree of capital mobility establishes an incentive for European Industry Federations to agree on European minimum standards within the framework of European sectoral social dialogue.
<i>Export dependence of the sector</i> Hypothesis H3	H3.a: The stronger the export dependence of a sector, the higher the probability that the European social partners will conclude European (top-down) rules and criteria for the coordination of working conditions and the maintenance of the sector's competitiveness.	H3.b: The stronger the export dependence of a sector, the lower the probability that trade unions will engage in a purely decentralised approach to the cross-border coordination of wages and working conditions which is not backed by EIF policies and instruments for the Europe-wide coordination of CB.	<p>H3.c: A high degree of export dependence is conducive to the establishment of institutionalised structures for the transnational coordination of CB, whereas the (statutory) regulation of wages and working conditions is not considered as effective by the European social partners in the respective sector. Thus, European trade union actors prefer a <i>collective bargaining</i> approach over the <i>regulatory 'harmonisation'</i> of working conditions.</p> <p>A high export dependence increases the importance of competition-related issues which are of general interest for employers. Thus, the conditions for European sectoral dialogue are favourable in export dependent sectors as employers are more inclined to enter into deliberations with the employees' side.</p>

<i>Factors of influence</i>	Centralised Europeanisation	Decentralised Europeanisation	Alternative Approaches
<i>Product market regulation (deregulation and liberalisation)</i> Hypothesis H4	H4.a: In highly <i>regulated</i> industries EIFs pursue a ‘legislation-oriented’ approach (H4.c.). Since CB coordination is only a secondary goal, they refrain from establishing top-down elements within a formalised framework for transnational CB coordination.	H4.b: Market deregulation/liberalisation establishes an incentive for trade unions to engage in cross-border coordination initiatives.	In recently privatised or liberalised sectors the social partners tend to conclude European agreements within the framework of European sectoral dialogue.
<i>Institutional factors of the industrial relations (IR) systems</i>			
<i>Strength of organised labour</i> Hypothesis H5	H5.a: The higher the trade union density of certain national affiliates of the EIF, the more likely these members are to influence the pattern of Europeanisation which is adopted by the respective EIF.	H5.b: The higher the organisational density of the largest trade union in a sector, the higher the probability for bi- or multilateral cross-border initiatives for the coordination of collective bargaining which are not backed by EIF policies and instruments for the Europe-wide coordination of CB.	The degree of organisational strength of trade unions and employers’ associations has no influence on the Europeanisation of the coordination of wages and working conditions.
<i>Characteristics of the associational system of organised labour</i> Hypothesis H6	H6.a: The higher the degree of concentration of the sector’s associational system, the more favourable are the conditions for the EIF to adopt top-down elements for cross-border CB coordination.	H6.b: The higher the degree of fragmentation of the sector’s trade union system, the higher the probability that unions will enter into autonomous cross-border initiatives for the coordination of CB policies which are not complemented by EIF policies and instruments for the Europe-wide coordination of CB.	H6.c: The higher the degree of concentration of the sector’s associational system, the more favourable are the conditions for sector-level regulatory initiatives within the framework of European sectoral dialogue.

<i>Factors of influence</i>	Centralised Europeanisation	Decentralised Europeanisation	Alternative Approaches
<i>Mechanisms of the collective bargaining coordination</i> Hypothesis H7	H7.a: In sectors in which CB tends to be highly centralised, EIFs pursue a top-down approach to transnational CB.	H7.b: The more decentralised CB is in the sector, the higher the probability that trade unions will enter into cross-border coordination partnerships which are not backed by EIF policies and instruments for the Europe-wide coordination of CB.	The mechanism of collective bargaining coordination has no influence on the Europeanisation of collective bargaining.
<i>Bargaining coordination mechanism</i> Hypothesis H8	H8.a: The more <i>non-hierarchical and less centralised</i> the mechanisms for the coordination of collective bargaining are – in the form of <i>pattern-bargaining</i> – in the system of collective bargaining, <i>in combination with legal provisions</i> for the <i>vertical coordination</i> of collective bargaining in order to ensure a high degree of bargaining governability, the more <i>effective</i> is the national system of collective bargaining coordination as such. Furthermore, the conditions are more conducive for adopting EIF-led top-down elements of transnational collective bargaining coordination.	H8.b: The more <i>non-hierarchical and less centralised</i> the mechanisms for the coordination of collective bargaining are – in the form of <i>pattern-bargaining</i> – in the system of collective bargaining, <i>in combination with legal provisions</i> for the <i>vertical coordination</i> of collective bargaining in order to ensure a high degree of bargaining governability, the more <i>effective</i> is the national system of collective bargaining coordination as such. Furthermore, the conditions are more conducive for national trade unions to engage in purely decentralised, inter-union cross-border collective bargaining coordination initiatives.	The relationship between inclusive and exclusive systems of IR is generally not subject to a pronounced dynamic. The majority of countries in the Eurozone are characterised by stable, inclusive IR systems. However, in sectors in which the CBC is notably low, a European regulatory approach is pursued in order to guarantee a minimum level of working conditions.
<i>Inclusiveness/Exclusiveness</i> Hypothesis H9		H9.b: The higher the collective bargaining coverage rate in a sector (>80%), the more conducive are the conditions for the establishment of transnational networks for the coordination of collective bargaining.	H9.c: The lower the CB coverage in a sector, the more probable it is that the social partners will embark on a strategy to lobby EU legislation in order to safeguard wages and working conditions.

List of tables

Diagram 1 – Diagrammatic representation of the relations and interaction of Europeanisation factors and variables	14
Tab. 1 – Sectoral dialogue committees	24
Tab. 2 – Results of sectoral social dialogues in the transport sector since 1998	27
Tab. 3 – Table 3 – The ‘Archetypical’ Collective Bargaining Coordination Model of the metal sector	79
Tab. 4 – Economic and institutional variables and levels of analysis	99
Tab. 5 – Mapping of sectors according to variation in institutional and economic variables	115
Table 6 – World crude steel production (2000 – 2006)	131
Tab. 7 – Crude steel production in the EU25 (2001-2006)	131
Tab. 8 – EU15 Imports – Exports 2001 and 2002	132
Tab. 9 – World Steel Trade 2004	134
Tab. 10 – Gross output in the EU metal sectors 1995 – 2005	134
Tab. 11 – EU27 Export growth in metal sectors and total manufacturing, 2000-06	135
Tab. 12 – Employment change in the EU15’s steel sector	136
Tab. 13 – Employment in EU25 metal sectors (1995-2005)	137
Tab. 14 – Typology trade union system in the metal sector	153
Tab. 15 – Typology collective bargaining system metal sector	158
Tab. 16 – Density of sector-related unions – steel sector	160
Tab. 17 – Transnational Collective Bargaining Networks of IG-Metall districts	161
Tab. 18 – The most active transnational collective bargaining networks in the European metal sector	162

Tab. 19 – Assessment of the EMF Coordination Rule 1999 – 2001	171
Tab. 20 – Assessment of the EMF Coordination Rule 2004 – 2005	173
Tab. 21 – Comparison of the wage bargaining results by countries, 1999 and 2000	175
Tab. 22 – Comparison of the wage bargaining results by countries, 2004 and 2005	175
Tab. 23 – Typology trade union system in the chemical sector	190
Tab. 24 – Typology collective bargaining system chemical sector	195
Tab. 25 – Density of sector-related unions – chemical sector	196
Tab. 26 – Typology trade union system food production sector	208
Tab. 27 – Typology collective bargaining system food production sector	213
Tab. 28 – Density of sector-related unions – food production sector	214
Tab. 29 – Typology trade union system telecommunications sector	224
Tab. 30 – Typology collective bargaining system telecommunications sector	230
Tab. 31 – Density of sector-related unions – telecommunications sector	232
Tab. 32 – Typology trade union system in the construction sector	242
Tab. 33 – Typology collective bargaining system construction sector	247
Tab. 34 – Density of sector-related unions – construction sector	248
Tab. 35 – Typology trade union system in the banking sector	258
Tab. 36 – Typology collective bargaining system banking sector	264
Tab. 37 – Density of sector-related unions – banking sector	265
Tab. 38 – Typology trade union system in the cleaning sector	275
Tab. 39 – Typology collective bargaining system cleaning sector	279
Tab. 40 – Density of sector-related unions – cleaning sector	281
Table 41 – Frequencies of variables according to the predominant pattern of Europeanisation	293

List of tables - Annexes

Annex 1

Table 42 : Representational domain concentration/fragmentation – metal sector

Table 43: Extension practice and CB coverage – metal sector

Table 44: Sector-level CB – metal sector

Table 45: Union density of representative trade unions – metal sector (2007)

Annex 2 :

Table 46: Representational domain concentration/fragmentation – chemical sector

Table 47: Extension practice and CB coverage – chemical sector

Table 48: Sector-level CB – chemical sector

Table 49: Union density of sector-related trade unions – chemical sector

Annex 3:

Table 50: Representational domain concentration/fragmentation – food sector

Table 51: Extension practice and CB coverage – food sector

Table 52: Sector-level CB – food sector

Table 53: Union density of sector-related trade unions union density of sector-related trade unions – food sector

Annex 4:

Table 54: Representational domain concentration/fragmentation – telecom sector

Table 55: Extension practice and CB coverage – telecom sector

Table 56: Sector-level CB – telecom sector

Table 57: Union density of sector-related trade unions – telecom sector

Annex 5:

Table 58: Representational domain concentration/fragmentation – construction sector

Table 59: Extension practice and CB coverage – construction sector

Table 60: Sector-level CB – construction sector

Table 61: Union density of sector-related trade unions – construction sector

Annex 6 :

Table 62: Representational domain concentration/fragmentation – banking sector

Table 63: Extension practice and CB coverage – banking sector

Table 64: Sector-level CB – banking sector

Table 65: Union density of sector-related trade unions – banking sector

Annex 7 :

Table 66: Representational domain concentration/fragmentation – cleaning sector

Table 67: Extension practice and CB coverage – cleaning sector

Table 68: Sector-level CB – cleaning sector

Table 69: Union density of sector-related trade unions – cleaning sector

Annex 8 :

Table 70: Index market regulation: Metal sector

Table 71: Index market regulation: Chemical sector

Table 72: Index market regulation: Food production sector

Table 73: Index market regulation: Telecommunications sector

Table 74: Index market regulation: Construction sector

Table 75: Index market regulation: Banking sector

Table 76: Index market regulation: Cleaning sector

Annex 10:

Table 77: Export dependence

Table 78: Capital mobility (FDI)

Table 79: Labour mobility

Table 80: Product market regulation (Index)

Table 81: Union fragmentation (Index)

Table 82: Collective bargaining coverage

Table 83: Collective bargaining level (Index)

Table 84: Collective bargaining coordination mechanisms (Index)

Table 85: Union density

List of Abbreviations

Countries

AT – Austria
BE – Belgium
CZ – Czech Republic
DK - Denmark
DE - Germany
ES – Spain
FI – Finland
FR – France
GR – Greece
HU – Hungary
IR – Ireland
IT – Italy
LU – Luxembourg
NL – Netheralands
PL – Poland
PT – Portugal
SE – Sweden
SK – Slovakia
SI – Slovenia
UK – United Kingdom
US – United States

European social partner organisations

Business Europe - Union of Industrial and Employers' Confederations of Europe

CAEF – The European Foundry Association

CEEMET – Council of European Employers of the Metal, Engineering and Technology-based Industries

CEEP – European Centre of Enterprises with Public Participation and of Enterprises of General Economic Interest

CEFIC – European Chemical Industry Council

CEFS - The European Committee of Sugar Manufacturers

CESA – Community of European Shipyards Associations

CIAA – Confederation of the Food and Drink Industries of the EU

CLEPA – European Association of Automotive Suppliers

CLITRAVI – The Liaison Centre for the Meat Processing Industry in the European Union

EACB - European Association of Co-operative Banks

ECEG – European Chemical Employers Group

FBE - European Banking Federation

EFCI – European Federation of Cleaning Industries

EFFAT – European Federation of Food, Agriculture and Tourism Trade Unions

EMCEF – European Mine, Chemical and Energy Workers’ Federation

EMF – European Metalworkers’ Federation

ESBG - European Savings Bank Group

ETUC – European Trade Union Confederation

EUROFER – European Confederation of Iron and Steel Industries

EUROMETAUX – European Association of Metals

UNI-Europa Finance – Union Network International Europe Financial Services

UNI-Europa Property Services - Union Network International Europe Property Services

UNI-Europa Telecom – Union Network International Europe Telecommunications

National social partner organisations

<i>Country</i>	<i>Abbreviation</i> *	<i>Full name</i>
AT	GANG	Agricultural, Food, Beverage and Tobacco Workers' Union ^c
	GBH	Union of Construction and Wood Workers
	GdC	Union of Chemical Workers
	GHGPD	Hotel, Restaurant and Personal Services Trade Union
	GMT	Metalworking and Textiles Union ^a
	GMTN	Metalworking, Textiles, Agriculture and Food-processing Union
	GPA	Union of Salaried Employees ^b
	GPA-DJP	Union of Salaried Private Sector Employees, Graphical Workers, Journalists and Paper Workers
	GPF	Post and telecommunications workers' union
	WKÖ	Economic Chamber of Austria
BE	ABVV-Metaal/CMB-FGTB	General Union of the Belgian Metal Industry
	CGSLB/ACLVB	Federation of Liberal Trade Unions of Belgium
	CGSLB Métal/ ACLVB Metaal	Metal sector branch of the Federation of Liberal Trade Unions of Belgium
	CGSP-Poste	General Confederation of Public Services – Postal Services
	CGSP Telecom-Aviation	General Confederation of Public Services Telecom-Aviation
	CNE-CSC	National Federation of White-Collar Workers
	CSC/ACV	Confederation of Christian Trade Unions
	CSC alimentation et	Confederation of Christian Trade Unions –

	services/ACV voeding en diensten,	Food and Services Centre
	CSC-Energie et Chimie/ACV-Energie Chimie	CSC Energy and Chemistry
	CSC Metal/ACV- Metaal	Christian Union of Metalworkers
	CSC Transcom Telecoms	Transport and Telecommunication sector branch of the Confederation of Christian Trade Unions
	FGTB/ABVV	Belgian General Confederation of Labour
	HORVAL	Food–Horeca (hotels, restaurants, cafés) – Services Trade Union
	LBC-NVK	National Federation of White-Collar Workers
	SETCa/BBTK	Belgian Union of White-Collar Staff, Technicians and Managers (affiliated to CGSLB/ACLVB)
	SLFP-Groupe Belgacom	Free Trade Union of Civil Servants
	VBO/FEB	Belgian Federation of Employers
DK	AC-Tele	Telecommunication sector branch of the Danish Confederation of Professional Associations
	Blik og Rørforbundet	Danish Plumbers' Union
	BRD	National Union of Plumbers
	CO-industri	Central Organisation of Industrial Employees
	DA	Confederation of Danish Employers
	Dansk Farmaceut forening	Association of Danish Pharmacists
	Dansk Metal	National Union of Metalworkers

	DEF	Danish Union of Electricians
	DL-F	Danish Laboratory Technicians
	DM	The Danish Association of Masters and PhDs
	FF	Finansforbundet-dk
	FOA	The National Union of Public Employees
	3F – Fagligt Fælles Forbund	United Federation of Danish Workers
	HK	Union of Commercial and Clerical Employees in Denmark
	IDA	The Danish Society of Engineers
	Lederforeningen	The Association of Managerial Staff
	LH	The Organisation of Managerial and Executive Staff in Denmark
	NNF	The Danish Food and Allied Workers' Union
	TL	Danish Association of Professional Technicians
	Træ-Industri-Byg	Timber- Industry and Construction Workers Union
	SF	Sanitørernes Fagforening – The Cleaners' Union
FI	Kemianliitto	Chemical Workers' Union
	Metallityöväen Liitto	Finnish Metalworkers' Union
	PAM	The Service Union United
	Puulitto	Wood and allied workers' Union
	RL - Rakennusliitto	The Finnish Construction Trade Union
	Sähköalan ammattiliitto	Finnish Electrical Workers' Union
	SAK	Central Organisation of Finnish Trade Unions
	SEFE	Finnish Association of Business School Graduates

	SEL	Finnish Food Workers' Union
	SUORA	Trade Union SUORA ry
	TEK	Finnish Association of Graduate Engineers
	TT	Technology Industries of Finland
	TU ry	Union of Salaried Employees
	UIL ry	Union of Professional Engineers in Finland
	VAL	The Finnish National Union of State Employees Special Services
	YTN	Federation of Professional and Managerial Staff
FR	BATI-MAT TP-CFTC	Fédération Bâtiment-Matériaux-Travaux Publics
	CFDT	French Democratic Confederation of Labour
	CFDT-Cadres	Fédération française des syndicats CFDT banques et sociétés financières
	CFE-CGC	French Confederation of Managerial Employees – General Confederation of Professional and Managerial Staff
	CFE-CGC AGRO	National Federation of Workers in Agro-Alimentary – General Confederation of Professional and Managerial Staff
	CFTC	French Christian Workers' Confederation
	CFTC Banques	Fédération CFTC des Banques
	CFTC Métallurgie	Metal sector branch of CFTC
	CFTC-PTT	Post and Telecommunications Workers Federation
	CGT	General Confederation of Labour
	CGT-FO	General Confederation of Labour – Force Ouvrière
	CGT-FO-COM	CGT-FO Communication Workers Federation
	CGT-PTT	CGT Post and Telecommunications Workers

		Federation
	FAA-FO	Agriculture, Food and Tobacco Workers' Union (new name FGTA-FO)
	FEC-FO	Fédération des employés et cadres de la FO
	FCE-CFDT	Federation of the Chemical and Energy Industries-CFDT
	Fédéchimie CGT-FO	Chemical Federation CGT-FO
	Fédération Chimie, Mineurs, Textile, Energie CFTC	Federation of the Chemical, Mine, Textile and Energy Industries-CFTC
	Fédération des industries chimiques – CGT	Federation of the Chemical Industries-CGT
	Fédération du personnel d'encadrement des industries chimiques, parachimiques et connexes-CFE-CGC	Federation of managerial and professional staff of the Chemical, Parachemical and Related Industries-CFE-CGC
	FGA-CFDT	General Federation of Workers in Agro-Alimentary – French Democratic Confederation of Labour
	FGTA-FO	General Federation of Workers in Agriculture, Food, Tobacco and Allied Services – Force Ouvrière
	FGMM-CFDT	General Federation of Mining and Metal Workers
	FFSBSF-CFDT	Fédération des banques et société financières
	FNAF-CGT	National Federation of Workers in Agro-Alimentary and Forests – General Confederation of Labour
	FNCB CFDT	The National Federation of Construction and

		Wood workers
	FNES-CGC	The National Management, Commerce and Services Federation – CGC
	FO-BTP	Fédération Générale Force Ouvrière du Bâtiment et des Travaux Publics et ses activités annexes
	FO-FINANCES	Fédération des Finances FO
	FO Métaux	Metal sector branch of Force Ouvrière
	FTM/CGT	Metalworkers' Federation of CGT
	FTC CGT	Federation of Construction Workers
	FSCOPA-CFTC (AGRI)	General Federation of Workers in Agriculture – French Christian Workers' Confederation
	FSPBA-CGT	Fédération CGT des Syndicats du Personnel de la Banque et de l'Assurance
	F3C-CFDT	CFDT Communications, Consulting and Cultural Workers Federation
	SNB CFE-CGC	Syndicat national de la Banque et du crédit CFE-CGC
	SNCTBTP CFE- CGC	Syndicat National des Cadres, Techniciens, Agents De Maîtrise et Assimilés des Industries du Bâtiment, des Travaux Publics et des Activités Annexes et Connexes
	SNT-CFE-CGT	CFE-CGC National Telecommunications Union
	SUD-PTT	SUD ('Solidaire, Unitaire, Démocratique') Post and Telecommunications Workers Federation
	UGICT-CGT	Union générale des ingénieurs, cadres et techniciens
	UIMM	Union of Metal Industries and Crafts

	UNSA-Télécoms	Telecommunication sector branch of the National Federation of Independent Unions
DE	CGBCE	Christian Chemicals and Energy Workers' Union
	CGPT	Christian post and telecoms workers' union
	DBV	German Association of Bank Employees
	Gesamtmetall	Umbrella association of the regional employers' associations in the German metal and electrical industry
	GNGG	Trade Union of Food, Beverages, Tobacco, Hotel and Catering and Allied Workers
	IG Bau	Construction workers' Union
	IG BCE	Mining, Chemical and Energy Industrial Union
	IG Metall	Metalworkers' Union
	VAA	Chemicals Executives Union
	ver.di	Unified Service Sector Union
	Transnet	Rail Workers' Union
GR	OEFSEE	Federation of Employed Pharmaceutical and United Occupations of Greece
	OEHVE	Employee Federation of the Chemicals' Industry of Greece
	OIYE	The Greek Federation of Private Sector Employees
	OME-OTE	Greek Telecom Employees' Federation
	OOSEE	Construction Workers and Allied Trades Federation
	OTOE	Greek Federation of Bank Employee Unions
	PEF	Panhellenic Association of Pharmacists
	POEM	Panhellenic Federation of Metal Workers

	POIE	Hellenic Federation of Medical Advisers
	PSHV	Panhellenic Association of Manufacturing Chemical Scientists
IT	CGIL	General Confederation of Italian Workers
	CISAL	The Italian Confederation of Free Workers' Unions
	CISL	Italian Confederation of Workers' Union
	Dircredito	Federazione Nazionale Personale Dirigenti Aziende di Credito e Finanziarie
	FABI	The Independent Federation of Italian Bank Workers
	FAI-CISL	Agro-industrial, Food and Environment Federation – Italian Confederation of Workers' Unions
	FAILEA (CISAL)	Federazione Autonoma Italiana Lavoratori Edili e Affini
	FALCRI	The Independent Federation of Italian Credit and Savings Workers
	FEDERMECCANICA	Federation of Italian Metal and Mechanical Industries
	FEMCA-CISL	Energy, Fashion, Chemicals and Allied Industries Federation of the Italian Confederation of Workers' Union
	FENASALC	The National Federation of Autonomous Trade Unions of Trade Employees
	FENEAL (UIL)	National Federation of Wood and Building Workers of the Union of Italian Workers
	FIALC-CISAL	Italian Autonomous Federation of Chemical Workers of the Italian Confederation of Free Workers' Unions
	FIBA	The Italian Banking and Insurance Federation
	FILCA (CISL)	Italian Federation of Construction Workers

		of the Italian Confederation of Workers' Union
	FILCAMS	The Italian Federation of Trade, Services and Tourism Workers
	FILCEA-CGIL	Chemical and Allied Workers' Union of the General Confederation of Italian Workers
	FILLEA (CGIL)	Italian Federation of Wood and Building Workers of the General Confederation of Italian Workers
	FISAC	The Italian Federations of Credit and Insurance Workers' Trade unions
	FIM-CISL	Federation of Italian Metal and Mechanical Workers
	FIOM-CGIL	The Italian Federation of Metalworkers of CGIL
	FISACAT	The Italian Federation of Trade, Services and Tourism Workers
	FISTEL-CISL	Federation of Entertainment, Information and Telecommunications – Italian Confederation of Workers' Unions
	FLAI-CGIL	Italian Federation of Agro-industrial Workers – General Confederation of Italian Labour
	SINFUB	Federazione Nazionale Sindacati Autonomi – Personale di Credito, Finanza e Assicurazioni
	SLC-CGIL	Communication Workers' Union – General Confederation of Italian Workers
	UGL-COM	General Labour Union
	UGL-Costruzioni	General Union of Construction Workers of the General Labour Union
	UGL Igiene Ambientale	The UGL Environmental Hygiene
	UIL	Union of Italian Workers

	UILA-UIL	Italian Federation of Agro-alimentary Workers – Union of Italian Workers
	UILCA	The Union of Italian Credit, Collection and Insurance Workers
	UILCEM-UIL	Union of Italian Chemicals, Energy and Manufacturing Workers of the Union of Italians Workers
	UILCOM-UIL	Union of Italian Communication Workers – Union of Italian Workers
	UILM-UIL	Union of Italian Metal-Mechanical Workers of UIL
	UIL Trasporti	The Union of Italian Transport Workers
IR	Amicus	Amicus the Union Ireland
	BATU (ICTU)	Building and Allied Trades Union
	BFAWU	Bakers, Food and Allied Workers Union
	CPSU	Civil, Public and Services Union
	CWU	Communication Workers' Union of Ireland
	IBEC	Irish Business and Employers' Confederation
	IBOA	Irish Banking Officials Association
	ICTU	Irish Congress of Trade Unions
	IMPACT	Public Sector Trade Union
	MPGWU	Port and General Workers' Union
	NUSMWI	National Union of Sheet Metal Workers of Ireland
	OPATSI (ICTU)	Operative Plasterers' and Allied Trades' Society of Ireland
	PSEU	Public Service Executive Union
	SIPTU	The Services, Industrial, Professional and Technical Union
	TEEU	Technical, Engineering and Electrical Union
	T&G	Transport and General Workers' Union

		Ireland
	UCATT (ICTU)	Union of Construction, Allied Trades and Technicians
NL	AbvaKabo	AbvaKabo FNV
	Bond van Telecompersoneel	Union for Telecom personnel
	CMMF/VPP	Union for middle and higher staff
	CNV Bedrijven Bond	National Federation of Christian Trade Unions
	CNV Dienstenbond	The Christian Services Union
	CNV Publieke Zaak	Public sector federation of the CNV
	De Unie	Union for Industry and Services
	FNV-Bondgenoten	Dutch Trade Union Federation
	FNV Bouw	Bouw en Houtbond FNV
	Hout en Bouwbond CNV	The Federation of Wood and Construction Workers of the National Federation of the Christian Trade Unions
	HZC	Vakvereniging Het Zwarte Corps
	IVB-CNV	CNV Industry and Food Union
	Vereniging FME-CWM	Association of Employers in Technological Industries
	VHP Metalektro	Union for Managerial and Executive Staff in the Metal, Electrical and Electronics Sector
	VHP	Association of Higher Personnel
	Voe-FNV	FNV Union in Food Industry
PL	MZP	Malopolski Związek Pracodawcow - The Employers Union of Malopolska
	NSZZ Solidarność	NSZZ Solidarity
	OPZZ	All-Poland Alliance of Trade Unions
PT	AIMMAP	Association of Metallurgy, Mechanical Engineering and Allied Industries of

		Portugal
	CGTP	General Confederation of Portuguese Workers
	FENAME	The National Federation of the Metal Industry
	FNSCMMM	Fédération Nationale des Syndicats de la Construction, des Bois, des Marbres et des Matériaux de Construction/CGTP-IN.
	FEQUIMETAL (CGTP)	Federação Intersindical das Indústrias Metalúrgicas, Química, Farmacêutica, Elétrica, Energia e Minas
	FESAHT-GTP	Federation of Unions in Agriculture, Food and Beverages Industries, Hotels and Tourism of Portugal – General Confederation of Portuguese Workers
	FETESE-UGT	Federation of Service Workers’ and Technicians’ Unions – General Workers’ Confederation
	SETAA	Union of Agriculture, Food and Forests
	SETACOO	Sindicato dos Empregados, Técnicos e Assalariados da Construção e Obras Públicas
	SIABAHORTA	Union of Professionals in Food, Beverages and Similar Industries of the Azores
	SIMA (UGT)	Sindicato das Industrias Metalurgicas e Afins
	SINDEL (UGT)	Sindicato Nacional da Indústria et da Energia
	SINDEQ	Democratic Trade Union of Energy, Chemical, Textile and other Industries
	SINORQUIFA	Trade Union for Chemical, Pharmaceutical, Petrol and Gas Worker of the North
	SNQTB	Sindicato Nacional dos Quadros e Técnicos Bancários

	SINTAB	Union of Workers in Agriculture, Food, Beverages and Tobacco Industries of Portugal
	SINTTAV	National Union of Telecommunication and Audiovisual Workers
	SIPT	Union of the Workers of the Portugal Telecom Group
	SITSE	Union of Service Workers and Technicians
	SITIAC	Union of Workers in the Food Industries of Central and Southern Portugal and Islands
	STIANOR	Union of Workers in the Food Industries of Northern Portugal
	UGT	General Workers Union
ES	APLI	Asociación Profesional Libre e Independiente
	AST	Alternativa Sindical de Trabajadores
	CC.OO	Trade Union Confederation of Workers' Commissions
	CIG	La Confederación Intersindical Galega
	COBAS	Comisiones de Base
	CONFEMETAL	National Employers' Organization of Metal Sector in Spain
	ELA	Basque Workers' Solidarity (ELA-STV)
	ELA-HAINBAT	Basque Workers' Solidarity – Diversity of sectors
	FACOC-CCOO	Federation of Food and Agriculture – Trade Union Confederation of Workers' Commissions
	FAYT	National Federation of Construction, Wood and Related Industries
	FCT CC.OO	Federación de Comunicación y Transporte de CC.OO

	FECOMA-CC.OO	State Federation of Construction and Wood and Similar of Workers' Commissions
	FEMCA-UGT	Federation of Wood and Construction of the General Workers' Confederation
	FEQUICC	Chemical Federation of Managers Confederation
	FIA-UGT	Federation of Related Industries of Workers' General Union
	FITEQA-CCOO	Federation of Textile-Leather Industries, Chemicals and Related Industries of Workers' Commissions
	FM/CC.OO	Federation of Industry of CC.OO
	FTA-UGT	Federation of Food and Agriculture – General Workers' Union
	FTCM-UGT	Federación de Transportes, Comunicaciones y Mar
	FTM-ELA	Metal sector branch of ELA
	MCA-UGT	Metal, Construction and Allied Workers' Federation
	STC	Sindicato de Trabajadores de Comunicaciones
	UGT	General Workers' Confederation
	UTS	Unión Telefónica Sindical
SE	CF	The Swedish Association of Graduate Engineers
	CIVILEKONOMERNA	The Swedish Association of Graduates in Business, Administration and Economics
	Fastighetsanställdas Förbund F,	The Swedish Building Maintenance Workers' Union
	Finansförbundet	The Financial Sector Union of Sweden

	HTF	Tjänstemannaförbundet HTF – Union of Commercial Salaried Employees
	IF Metall	Industrifacket Metall – Industry Federation Metal
	JUSEK	The Association of Graduates in Law, Business Administration and Economics, Computer and Systems Science, Personnel Management and Social Science
	Kommunal	The Swedish Municipal Workers' Union
	Ledarna	The Swedish Association for Managerial and Professional Staff
	Livs	Swedish Food Workers' Union
	Målareförbundet	The Swedish Painter's Union
	SACO	The Swedish Confederation of Professional Associations
	SB	The Swedish Building Workers' Union
	SBP	Svenska Bleck- och plåtslagareförbundet
	SEF	The Swedish Union of Electricians
	SEKO	Union of Service and Communication Employees
	SI	Swedish Association of Graduate Engineers
	SIF	Swedish Union of Technical and Clerical Employees
	ST	The Union of Civil Servants in Sweden
	Sveriges Ingenjör	Swedish Association of Graduate Engineers (affiliate of SACO)
	TCO	The Swedish Confederation of Professional Employees
	TEKNIKFÖRETAGEN	Association of Swedish Engineering Industries
	Unionen ^d	Unionen The Union Sweden
SI	GZS	Chamber of Commerce and Industry of

		Slovenia
UK	ACCORD	Independent Union of Halifax Staff
	Amicus ^e	Amicus the Union United Kingdom
	BACM	The British Association of Colliery Management
	BFAWU	Bakers, Food and Allied Workers Union
	CWU	Communication Workers Union
	CONNECT	Union for Professionals in Communications
	GMB	National Union of Gasworkers and General Labourers
	PCS	Public and Commercial Services Union
	T&G ^c	Transport and General Workers' Union
	TGWU	Transport and General Workers' Union
	Unison	The Public Sector Union
	Unite	Unite the Union United Kingdom
	USDAW	Union of Shop, Distributive and Allied Workers

* Full name (original language) if no abbreviation exists

^a merged in 2006 with GMT in order to form GMTN

^b merged in 2006 with the Printing, Journalism and Paper Union (DJP) in order to form GPA-DJP

^c merged in 2006 with GMT in order to form GMTN

^d Unionen (founded in January 2008) results from a merger of SIF and HTF.

^e T&G and Amicus merged in May 2007 to form Unite.

Abstract Dissertation Thesis

The issue of an efficient approach on the transnational coordination of collective bargaining policies has greatly gained in importance against the background of the European Monetary Union. With the enlargement of the EU collective bargaining activities are becoming further challenged. The principal argument of this thesis is that arrangements for the transnational coordination of collective bargaining are most feasible and efficient on the *European sectoral level*. This is due to the fact that the necessity for inter-sectoral wage moderation is reduced under a macro-economic regime that is primarily aimed at containing price increases. In return, the social policy actors of the sectoral level gain additional room for transnational action with regard to the coordination of collective bargaining policies. The importance of sectoral coordination initiatives is underscored by the finding that only decentralised and flexible coordination mechanisms guarantee that wages and working conditions are brought in line across borders.

The fundamental research question is which factors enhance or inhibit cross-border union activities aiming at the coordination of collective bargaining and carried out by the European Industry Federations and its national member organisations. Since coordination approaches differ between industries, a typology of transnational collective bargaining arrangements on the European sector level is developed. The selection of both manufacturing sectors such as the metal and the chemical industries and service sectors such as banking and telecommunication ensures a high degree of variety in terms of institutional and economic particularities. In order to analyse the relations between the dependent variable and a set of *sector-related* explaining factors, both *institutional* (i.e. fragmentation of the union system, collective bargaining coverage, union density, collective bargaining level, collective bargaining coordination mechanism) and *economic* (capital and labour mobility, export dependency) of the *national* and on the *European* (European sectoral social dialogue, European regulation of product and labour markets) level, a regression analysis is combined with an actor-focused, interview-based approach. The combination of quantitative and qualitative methods allows for an in-depth analysis of the inter-relatedness of explaining factors and the phenomenon under investigation and of the motivations and perceptions of the key actors involved. The consideration of the actor's perceptions is of particular relevance since transnational collective bargaining coordination is to a large extent an actors-driven process.

The analysis of transnational bargaining coordination on European sector level provides valuable insight into the inter-relatedness of the *European* and the *national/regional* level of collective bargaining coordination within a multilevel framework of European industrial relations, a topic that has not yet been systematically addressed.

Zusammenfassung der Dissertation

Das Thema der transnationalen Koordinierung der Lohnpolitik hat vor dem Hintergrund der Europäischen Währungsunion (EWU) und der ‚Erweiterung‘ der Europäischen Union an Bedeutung gewonnen. Hauptargument dieser Arbeit ist, dass eine grenzüberschreitende Koordinierung der Tarif- und Lohnpolitik am effizientesten und am besten realisierbar auf der Europäischen sektoralen Ebene ist.

Im makroökonomischen Regime der EWU ist die Eindämmung des Preisauftriebs prioritäres Ziel. Da die Notwendigkeit einer Politik der Lohnzurückhaltung auf makroökonomischer Ebene deshalb an Bedeutung verliert, gewinnen die lohnpolitischen Akteure der sektoralen Ebene an Handlungsspielraum, ihre Lohnpolitik über die Grenzen hinweg zu koordinieren. Die Relevanz sektoraler Initiativen zur Koordinierung der Tarifpolitik gründet sich auf empirischen Ergebnissen, denen zufolge nur dezentrale und flexible Mechanismen die transnationale Koordinierung von Löhnen und Arbeitsbedingungen sicherstellen.

Die grundlegende Forschungsfrage ist jene nach den Faktoren, die eine grenzüberschreitende Koordinierung der Tarifpolitik der Europäischen Industriefederationen (EIF) verhindern oder begünstigen. Da Initiativen zur europaweiten Lohnkoordination zwischen den Sektoren im Hinblick auf Institutionalisierungsgrad und geografische Reichweite variieren, wird eine Typologie von Arrangements der Koordinierung entwickelt. Die Auswahl verschiedener Sektoren sowohl der industriellen Produktion als auch des Dienstleistungssektors stellen einen hohen Grad an Heterogenität bezüglich der institutionellen und ökonomischen Determinanten der Koordinierung sicher. Um die Beziehung zwischen der abhängigen Variable und einem Set von institutionellen Variablen (Fragmentierungsgrad des sektoralen Gewerkschaftssystems, Tarifbindung, Gewerkschaftsdichte, Koordinierungsebene/n und Koordinierungsmechanismus des Tarifsystems) und ökonomischen Erklärungsfaktoren (Kapital- und Arbeitsmobilität, Exportabhängigkeit) der nationalen und Europäischen Ebene (Europäischer Sozialdialog, Regulierungsgrad von Produkt- und Arbeitsmärkten) zu untersuchen, wird eine quantitative Analyse (Regressionsanalyse) mit einem qualitativen Analyseansatz (Experteninterviews) kombiniert. Die Kombination qualitativer und quantitativer Analysemethoden stellt eine umfassende Untersuchung der Zusammenhänge zwischen Erklärungsfaktoren und dem Phänomen der transnationalen Tarifkoordination unter besonderer Berücksichtigung Wahrnehmungen der wichtigsten lohnpolitischen Akteure sicher.

Die Analyse der Bedingungen der transnationalen Tarifkoordination auf der Europäischen sektoralen Ebene bietet wertvolle Einsicht in die Funktionsweise eines komplexen Mehrebenensystems Europäischer Industriebeziehungen. Die Ebene der sektoralen tarifpolitischen

Koordinierung ist dabei von zentraler Bedeutung, eine Ebene, die bisher noch kaum einer umfassenden und vergleichenden Analyse unterzogen worden ist.

CURRICULUM VITAE

PERSONAL DATA

Name	GLASSNER, VERA
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EDUCATION & STUDIES

- | | |
|--|---|
| • Date (from - to) | Oct. 1990 – June 1995 (graduation) |
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| • Name and Type of educational institution | University of Vienna
Faculty of Economics and Business Administration
Study of International Business Administration |
| • Date (from - to)) | March 1997-March 2004 |
| • Name and Type of educational institution | University of Vienna
Faculty of Humanities and Social Sciences
Study of Sociology (social and economic sciences)
March 2004 Diploma (MSc equivalent Mag. rer. soc. oec.) |
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Doctoral Study of Sociology (Industrial Sociology) |

MAIN FOCUS OF STUDIES

- | | |
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| • Date (from - to)) | March 1997-March 2004 |
| • Field of Study | |

Industrial Sociology and Sociology of Organizations:

Intra- and inter-organizational interaction and communication structures;
European Integration: Integration of the labour markets and social regulation in the European Monetary Union; Strategies of European-level interest organisations of employers and employees; Micro-sociology: patterns of consumption and purchasing behaviour, Collective Action Problems;
Political Sociology: The European Social Model; Transformation of the Welfare State; European Integration and Social Regulation;

THESIS

- Date (from - to)
- Title and Short description of the Thesis

October 2003 – March 2004

Title: Integration in der Europäischen Union – Eine theoriegestützte Analyse des Integrationsprozesses in den Feldern der Lohn- und Beschäftigungspolitik: Entstehung einer “sozialen Dimension vor dem Hintergrund der Europäischen Wirtschafts- und Währungsunion?”

Short Description: The comparative analysis based on a neo-functional, actors-based process-model aims at the empirical examination of the factors of integration in the fields of wage and employment policy. The analysis focuses on the institutions of wage bargaining of the participant countries of the EMU as well as the supranational actors at EU-level. A distinctive feature of this study is the attempt to reunite different theoretical and empirical-methodical concepts; The complexity of the research question requires a multi-level approach comprising a policy-analysis of the EU social and employment policy and a comparison of the institutional framework of the national systems of industrial relations and the organizational features of the national bargaining agents.

The findings of the analysis suggest that the EMU can not be considered as a catalyst for the integration process in the 1990ies concerning the fields of employment and wage policy as the dominant actors' interests and the institutional settings of member states conflict with pro-integrative strategies.

DISSERTATION

- Date (from - to)
- Title and Short description of the Dissertation

November 2004 – May 2009

Title: Two Paths towards Europeanisation:

The institutional and economic determinants of the transnationalisation of collective bargaining on the European sector level

Short Description: The study explores the strategies of Europeanization taken up by the European and national social partners of the sector level against the background of the European Monetary Union (EMU). In a multi-level system of industrial relations the *sector level* developments are considered as decisive for the evolution of a European system of social regulation and coordination. Two

subject matters of bargaining coordination initiatives are of interest: On the one hand, collectively negotiated *wages* are subject to coordination efforts by unions, and on the other hand, the regulation of *working conditions* has since long been a goal of European-wide attempts for harmonization. Consequently, *two forms of Europeanization* can be distinguished: Firstly, the “centralized” path of Europeanization refers to the regulation instruments adopted in a top-down approach by the *European social partner organisations of the sectoral and inter-sectoeral level*. Secondly, the “decentralized” *Europeanization* mechanism refers cross-border activities of national union confederations aiming at the *coordination of collective bargaining* policies. Based on theory-driven hypotheses, *sector-specific factors* such as the mobility of capital and labour, the degree of export-dependency, market liberalization and privatization, and *institutional factors* (e.g. strength of the representation system of organized labour market interests, the coverage of collective agreements, the degree of organization of unions) are analyzed according to their propensity to enhance either the centralized or the decentralized path of Europeanization.

- Short description of the Dissertation

Thereby, different – and often contradictory – perspectives and assumptions of the comparative social policy research will be taken into account. Thus, the analysis starts from a *sector sample* that grasps a wide *variety of institutional and sector-specific factors* - or *combinations* of them - that either *favour* or *restrict* Europeanization. The research design allows a systematic approach to the analysis of the causal factors and reciprocal effects underlying different processes of Europeanization in the fields of wage and employment policy. Although the new EU-member countries could not be taken into account as their inclusion in the analysis would go beyond the scope of this study, conclusions from cross-border coordination in the highly interdependent economies of the “old” member states can be drawn to assess future prospects in an enlarged community.

SELECTED CONFERENCES:

- Date (from - to) SEPTEMBER 2005
 - Type of Qualification Conference Presentation „Collective Bargaining in a European System of Industrial Relations? Three Options for Union Strategy”
- Name and Type of educational institution Conference of the European Sociological Association
Torún, Polen
- Date (from - to) AUGUST/ SEPTEMBER 2006
 - Type of Qualification Conference Presentation „The sectoral determinants of Europeanization in the fields of wage and employment policy”
- Name and Type of educational institution Industrial Relations in Europe Conference (IREC), 31 August – 2 September 2006, Ljubljana, Slovenien
 - Date (from - to) JULY 2007
 - Type of Qualification Conference Presentation, The institutional and sectoral determinants of the Europeanisation of collective bargaining on the European sector level;
- Name and Type of educational institution Industrial Relations in Europe Conference (IREC), 26-28 of July, Athens, Greece
 - Date (from - to) JUNE 2008
 - Type of Qualification Conference Presentation „Transnational collective bargaining coordination in the European metal, chemical, banking and construction sectors: Different paths towards a ‘European’ system of collective bargaining coordination.
- Name and Type of educational institution Industrial Relations in Europe Conference (IREC), 23-25 June 2008, Greenwich, United Kingdom
 - Date (from - to) FEBRUARY 2009
 - Type of Qualification Conference Presentation “Transnational collective bargaining coordination on the European sector level: Different paths towards a ‘European’ system of collective bargaining coordination”
- Name and Type of educational institution Conference organised by the European Trade Union Research and the Free University of Brussels ,Transnational Collective Bargaining Within a European Multi-Level System of Industrial Relations, Brussels 21/22 February 2009.

PROFESSIONAL EXPERIENCE

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SELECTED PUBLICATIONS

- 2005 Glassner, V. (2005), Industrial Relations and European Integration. Trans- and Supranational Developments and Prospects" *Wirtschaft und Gesellschaft*. 31. Jahrgang (2005), Heft 2

- 2006 Glassner, V. (2006), Mindestlöhne in Europa, *Wirtschaft und Gesellschaft*. 32. Jahrgang.

- 2008 Glassner, V. (2008), Representativeness of the social partners: Manufacture of sugar. Dublin : European Foundation for the Improvement of Living and Working Conditions.

- 2008 Glassner, V. (2008)Representativeness of the social partners: Post and Courier Services. Dublin : European Foundation for the Improvement of Living and Working Conditions.

- 2008 Taxler, F., Brandl, B. and Glassner, V. (2008a), Pattern Bargaining: An Investigation into its Agency, Context and Evidence. *British Journal of Industrial relations*. 46, 33-58.

- 2008 Taxler, F., Brandl, B., Glassner, V. and Ludvig, A. (2008b), Can Cross-Border Bargaining Coordination Work? Analytical Reflections and Evidence from the Metal Industry in Germany and Austria. *European Journal of Industrial relations*. Vol. 14 No. 2 pp. 217-237.

- 2009 Glassner, V. and Galgóczi, B. (2009), Plant-level responses to the economic crisis in Europe, WP 1/2009. ETUI : Brussels.

- 2009 Glassner, V. (2009)„Collective Wage Bargaining in Austria“, in: Keune, M. and Galgoczi, B. (eds.), *Wages and Wage Bargaining in Europe. Developments since the mid-1990s*. ETUI -European Trade Union Institute : Brussels.

- 2009 Glassner, V. (2009), Transnational collective bargaining coordination on the European sector-level: The outlines and limits of a 'European' system of collective bargaining coordination. in: Verena Schmidt, *Trade Union Strategies on Collective Bargaining and Corporate Strategies*. ILO : Geneva. Forthcoming.

• 2009

Glassner, V. (2009), Transnational collective bargaining coordination on the European sector level: Different paths towards a 'European' system of collective bargaining coordination, in: Vera Glassner and Maarten Keune (eds.), Transnational collective bargaining: its forms, preconditions and future perspectives. P.I.E. Peter Lang : Brussels. English. Forthcoming.