

The Impact of Increased Economic Integration on the Relations Between Workplace Representatives and Trade Unions in Britain and Germany

revised paper for the European Political Economy Infrastructure Consortium

1 Theory and Model

1.1 Research Question

Economic Globalisation and Europeanisation, while having a uniforming effect in certain areas, at the same time have a decentralising, and thus potentially diversifying effect in other areas. This is also true in the area of Employee Relations: The implementation of some EU-wide minimum standards goes along with a decentralisation of Collective Bargaining in several countries of the Union. This latter fact, and the fact that Globalisation and high levels of unemployment in several member states of the EU give employers more power vis a vis employees taken together create a situation which has potentially a considerable impact on employee relations, and is therefore an important area for research.

My research is located within this area. It deals with the effects of increasing economic integration¹ on Collective Bargaining (CB). More specifically, I am interested in the question how the relation between employee representatives at the plant- and company level (works councillors in Germany, shop stewards in Britain) on the one hand and unions' headquarters on the other hand in respect to CB is changing in the face of increasing economic integration and the resulting decentralisation of CB in Germany and Britain. How can these developments be explained? Furthermore, to the extent that different developments can be established in Germany and Britain, how can these differences be explained?

My thesis is that local employee representatives become more important and independent in the course of this process. This may seem quite an obvious conclusion, however how exactly this will happen is not clear, as this process will most likely not be a smooth one: firstly, on a more general level, persons as well as institutions are usually reluctant to give up power; and secondly, trade unionists in different positions usually have different (primary) interests: while local employee representatives are primarily concerned with securing employment, even if this means making painful concessions, unions' leaders are usually more reluctant to accept such deals, as they are afraid of the possible knock-on effects on other companies and as they try to promote solidaristic wage policies², which are threatened by *Standortvereinbarungen* or local deals.

My second thesis is that unions in Germany will be more successful in influence their local representatives and in maintaining more coherent bargaining policies (within one sector, across the country) than unions in Britain, where the union headquarters are traditionally less powerful vis a vis the relatively independent shop steward movement than union headquarters in Germany are vis a vis 'their' works councillors.

1.2 Globalisation and Decentralisation

It is claimed repeatedly (e.g. Martin/Schumann 1996) that increasing economic integration will erode organised industrial relations, as it transcends the scope of national bargaining systems and makes regime-shopping and social dumping possible (or at least the threat of it to wring concessions out of employees). Furthermore, increasing economic integration is supposed to lead to convergence towards common institutional configurations, towards one neo-liberal 'best practice' (e.g. Strange 1996). With other words: the common challenge is supposed to lead to common answers.³

¹ In Europe, economic integration takes mainly the form of Europeanisation rather than Globalisation: While the levels of trade and FDI have increased considerably within the European Economic Area, they have remained rather low between the three large economic areas EEA, NAFTA and ASEAN (plus Japan and China) (Hirst/Thompson 1995).

² This is more the case on the European continent, especially in Scandinavia, and less in the Anglo-Saxon countries.

³ There are, of course, other positions, but I assume that they are quite well known, which is why I do not men-

Indeed, it is the case that employers are using economic integration as an argument to challenge '(an organised) approach to industrial relations in general and (...) multi-employer bargaining in particular. Wherever collective bargaining is established, there has been a widespread tendency among employers to call for decentralization, implying a shift from multi- to single-employer or even individual bargaining' (Traxler 1998: 207).

However,

'while the concept of decentralisation recurs in European discussions, its meaning differs according to context' (Hyman 1994).

This can be illustrated with a comparison of Britain and Germany: In both countries, a decentralisation of CB is taking place. However, while multi-employer bargaining was largely replaced by enterprise- or workplace bargaining in Britain, a devolution of only certain aspects of CB to lower levels took place in Germany, while the practice of concluding overarching framework agreements at sectoral level continues (Baglioni 1990, Traxler 1995, Streeck 1996). Traxler (1995) terms this process 'organised decentralisation', as opposed to 'disorganised decentralisation' or 'de-collectivisation' (Visser 1996), as happening in Britain.

1.3 An Alternative Approach

This is where my research starts. Despite a supposedly common challenge, there seem to be different solutions to this challenge. Why is this the case?

I will not go into the debate on convergence and divergence (that's old hat by now), but will rather start my research project with the assumption that the convergence thesis does not represent the observable changes adequately. The proposed alternative theoretical approach bases on two assumptions: That production regimes are developing in a path-dependent way (rather than converging), and, as a consequence of that, that common challenges can lead to different results.

Path Dependency

Actors in different production regimes are reacting in different ways to identical challenges because their actions are shaped by the institutional framework and past experiences. Therefore, there is no universal solution to the challenge of increasing economic globalisation. There can only be nationally specific answers to this challenge. If new institutions (such as an decentralised CB system) are to be implemented into a given production regime, they have to fit into the given institutional framework if they are to work smoothly, as the theories of the (neo-) institutionalists and their concept of 'social embeddedness' (Granovetter 1992) suggests.

Common Cause – Different Outcomes

What follows from the argument on path-dependency is that one identical causal factor (the independent variable) can have different outcomes in different settings. This is because the 'solutions' to those challenges are not exogenously given, but need to be adapted to the respective institutional frameworks by the relevant actors. With other words: While reacting to the same external pressures, actors are actually implementing different solutions (cf. Hancké/Casper 1996).

2 Structure and Methodology

As a first step, I will probably conduct a brief quantitative study of some OECD countries, establishing in how far increasing economic integration (measured by levels of Trade and FDI etc.) has had an impact on quantitative Collective Bargaining outcomes (basically changes in working time and wages), and in how far 'endogenic' economic factors (inflation, changes in productivity) are determining these CB outcomes. I am currently looking for suitable databases. There doesn't seem to be much on wage increases on changes in working time, especially if one is only interested in changes which are collectively negotiated, and not in overall numbers which include collectively negotiated numbers as well as unilaterally decided ones.

Another problem is that changes in CB are not only caused by increasing economic integration. In the UK, for example, legislation by the conservative governments in the 1980s and 90s played an important role in these changes, and in Germany, the unification, and the subsequent extension of the CB system to the East, caused changes in CB policies. Thus, it will be rather difficult to distinguish in how far these changes are caused by Globalisation and Europeanisation, and in how far they are caused by other factors. This is especially the case when talking about qualitative changes. Anyway,

tion them in this short proposal. I will do this in the longer one due in October.

this will not be the main part of my research. The main question will be why the relations between workplace representatives and Trade Unions changed the way they did. Economic integration and the other mentioned changes are only the trigger for these changes, but the way in which these changes happen is not fully explained by them.

2.1 Research Design of the Case Studies

The main part of the research will be based on case studies therefore. Coming from the approach of 'actor-centred institutionalism' (Mayntz/Scharpf 1995), I will analyse the studied cases. In order to understand the observed changes, one has to analyse the behaviour of the actors involved (*the process*). In order to understand their behaviour, again, one has to analyse the context which they are acting in.

2.2 Sample

I intend to conduct the case studies in the automobile industry. It is one of the most internationalised industries, and therefore the impact of increasing economic integration on CB can be studied well here. Furthermore, the metalworking industry is the first industry where unions have attempted a transnational co-ordination of their bargaining policies in order to prevent regime shopping and social dumping (Gollbach/Schulten 2000). Here, again (as it is often the case in Germany), the metalworking industry seems to be the 'avant-garde of bargaining policies'. It will be interesting to establish in how far these attempts actually do influence local bargaining policies, and in how far they are linked to European Works Councils.⁴

Countries

Britain and Germany are among the biggest economies in Europe, and hence interesting per se. Furthermore, Britain and Germany are prototypes of opposite production regimes or models of capitalism.

In the area of Industrial Relations, there are also considerable differences, and Trade Unions in both countries differ fundamentally in respect to their tradition, programmatic approaches and organisational structure. Thus, the framework in which actors in IR are acting differs significantly. Next to these long-established differences, there are also important differences in current developments in CB, as described above (organised vs. disorganised decentralisation, cf. chapter 1.2).

Time period

In order to compare changes in CB, the cross-national study will be supplemented with longitudinal studies for the studied cases. This means that the study will be based on four 'clusters' of cases. Based on those four clusters, two longitudinal and two cross-sectional (i.e. cross-national) comparisons can then be conducted. The longitudinal element in the study will allow to assess changes, rather than producing a snapshot.

The time period I am interested in reaches from 1980 to the present day. Single-employer bargaining became predominant in Britain in the 1980s. In Germany, where multi-employer bargaining is still predominant, the move towards decentralisation happened only in the 1990s. Thus, important changes in the relation between unions' headquarters and workplace representatives will have occurred in this period.

2.3 Data and Data Sources

The research method I intend to apply in the fieldwork is the 'cross examination' technique, i.e. the application of different types of data in order to make triangulation of data possible. The case studies will base on articles (academic journals, 'normal' journals and newspapers), company and trade union publications, collective agreements, and interviews with trade union officials, works councillors and shop stewards. Those case studies will then be supplemented with survey material like the WERS as 'background information' in order to set this data in context.

⁴ Some researchers have predicted that EWCs would be utilised by labour in a similar way (i.e. for a co-ordination of bargaining policies), however Hancké (2000) found in a study of the automobile industry that 'EWCs have failed to become a pan-European vehicle for trade union co-ordination'.

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Appendix

Figure 1: cross-sectional and longitudinal comparison

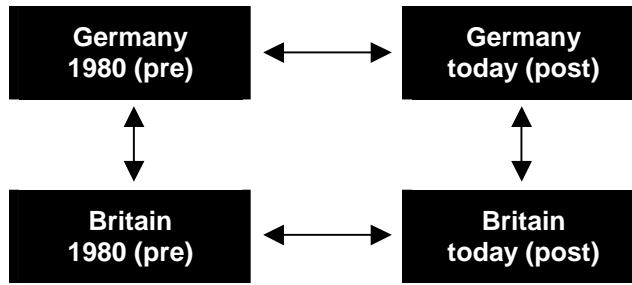


Figure 2: decentralisation of Collective Bargaining

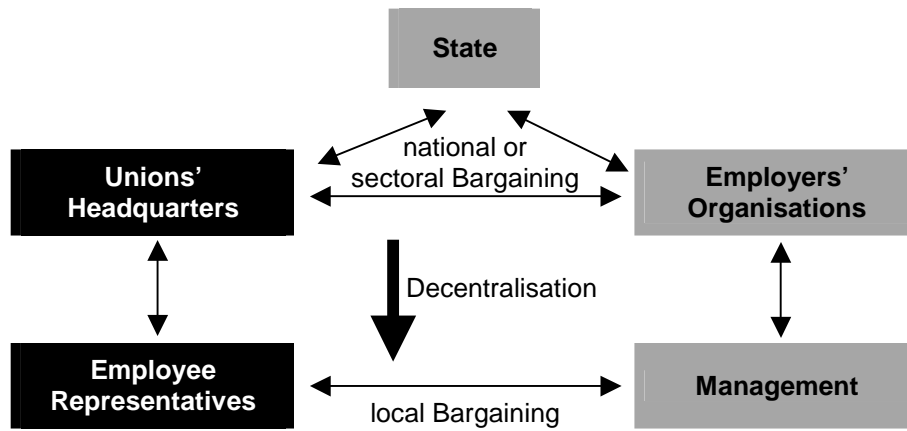


Figure 3: the field of research

