

Chapter 1

Introduction

1.1 Starting point and context of the study

Industrial relations, that is the institutions, procedures and rules for the regulation of conflict and the creation of consensus in the world of employment (Müller-Jentsch, 1997), have a relevance which operates at a multiplicity of levels, embracing the wide spectrum of social relations found within the labour process at the workplace, economic relationships on the labour market, political relationships at the micro level of the workplace (participation), the intermediate level of social partner institutions (collective bargaining), and the macro level of state and society, as well as cultural relationships (workplace styles of management and participation, social traditions for regulating conflict). These many-layered regulatory and control functions exercised by industrial relations at the points at which politics, the economy, and society meet have emerged over long periods of time and under particular national circumstances in Western industrial societies.

The historically unprecedented process of economic, social, and political transformation in Central and Eastern Europe (CEE) since 1989/1990 raises the issue of the prerequisites for the development of industrial relations since then, together with their current situation and prospects following integration into the European Union (EU). Post-communist transition, with its paradigm shift in social and economic organisation, has adopted the model of Western modernism and aims to create a form of governance based on the rule of law, a liberal pluralist democracy, private property, and a (social) market economy.

The development of functioning systems of industrial relations is as much a part of system transformation as it is a prerequisite for a successful transition: industrial relations constitute a core sphere of civil society and play an indispensable role in regulating social conflicts, creating consensus, assisting economic modernisation, and legitimating and stabilising democracy.

Accession to the EU requires additional and far-reaching adjustments on the part of CEE countries, primarily embracing the accelerated modernisation of their economies and market liberalisation, together with the incorporation of the existing body of European Union legislation (the *acquis communautaire*) into their own legal systems. Successful integration will depend to a high degree on the intermediary role played by the social partners and on well-functioning systems of industrial relations at workplace, sectoral, and national-state level.

In the context of EU integration, with its high level of economic and monetary integration and unique forms of “governance” within a “dynamic multi-level system” (Jachtenfuchs and Kohler-Koch, 1996), the development of “social dialogue” at the various levels of supra-state industrial relations for political concertation and the regulation of socio-economic processes of integration and self-regulation on the part of the European social partners have and will continue to play a critical role.

This trans- and supra-national dimension of industrial relations in the EU raises the question as to how systems of industrial relations in the newly-acceded CEE countries will “integrate” after enlargement and how their level of development will affect the future character of cross-border social, employment, and collective bargaining problems through the institutions of European industrial relations – such as European Works Councils and sectoral social dialogue. Measured against the significance which industrial relations have both in the process of successful transition and accession, characterised as the challenge of “double modernisation”, this subject has not yet received the attention it merits in political debate nor amongst the research community.

In the political field, attention has been concentrated on those areas documented in the annual progress reports of the European Commission: economic modernisation and competitiveness in regard to the single market,

the capacities of political and administrative structures, and progress on the adoption of the *acquis communautaire*. At best industrial relations have figured on the margins, except where the Commission has advised an improvement in “social dialogue” in the pre-accession period. Only in the very recent past has greater attention been paid to this neglected dimension of accession in the form of conferences on social dialogue and projects (such as Phare and Twinning) dealing with the development of industrial relations in the “CEE-8”.

Transition in Central and Eastern Europe has generated a large body of academic research. Where this has dealt with industrial relations, it has so far been confined to individual countries or specific actors (trade unions, employers, tripartism). As yet there have been few studies of national systems of industrial relations in their entirety or comparative analyses (Carley, 2002; European Commission, 2002a). Moreover, in the well-established field of industrial relations study in Western Europe developments in the accession countries are only now beginning to figure in research and have been only very selectively considered, in the form, for example, of country monographs or analyses of specific problems, such as workplace developments.

Finally when political science has turned to the issue of the EU’s eastern enlargement, as an element in integration studies, it has tended to concentrate on the political and institutional issues of accession in the context of the “deepening” and “widening” of an integrated European Union. As far as this branch of research is concerned, for Western scholars industrial relations in Central and Eastern Europe also remains to a high degree *terra incognita*.

This study sets out to help close this evident gap. It does so by drawing on the knowledge and approaches of three distinct research disciplines: transition studies, comparative industrial relations research, and EU integration research.

Our aim is to link together what have as yet remained unconnected findings and approaches at the interface between these three fields and to subject the, as yet largely unworked, field of industrial relations in the transition and post-socialist accession countries of Central and Eastern Europe to a systematic comparative empirical study.

Since at present there is no single, comprehensive and coherent theoretical framework within this field, we draw on the conceptual approaches and theoretical debates within each individual discipline, where relevant for the present study, and present them as a means of structuring the analysis by way of introduction to each of the main chapters (Chapters 2, 8 and 9).

Of the ten post-socialist reform countries that applied for EU membership, eight succeeded in joining in the first wave: Poland, Hungary, Czech Republic, Slovakia, Slovenia, Estonia, Latvia, and Lithuania. This political “datum” is also the basis for the selection of countries for inclusion in this study which analyses, on a comparative basis, the dimensions of industrial relations in the CEE-8: that is, the legal and political foundations of collective labour law, workplace industrial relations, arrangements for representing employer and employee interests, sectoral industrial relations and collective bargaining, and industrial relations at a national level. It is based both on secondary literature on national and specific subject areas together with original empirical research and local studies conducted for this publication.

Finally, the lagging state of research in Western Europe can be explained to some extent by problems of language access in Central and Eastern Europe. In order to resolve this problem as far as national sources and local research are concerned, this publication is based on three empirical foundations: “national studies” by local researchers and experts, complemented by seminars held in each of the eight countries and involving senior representatives of government, employers and trade unions, which were prepared and directed by the authors, together with co-operation in transnational projects.

1.2 Objectives and approach

The aim of the study is to offer a comparative – interim – assessment of the path, developing structures and emerging problems of the processes of transition in industrial relations in Central and Eastern Europe, and consider them under the aspect of EU enlargement. This dual perspective – transition and EU integration – calls for an analytical approach which operates at, and links, three levels of comparison:

- 1) At the centre is an empirical analysis of the transformational developments since 1989/90 and an assessment of the current state of industrial relations in the eight countries and in mutual comparison.
- 2) In order to obtain comparative yardsticks for national developments as well as for industrial relations in the CEE countries as a whole, we then outline the basic models and key national developments of industrial relations in Western Europe since the 1980s with the aim of creating a basis for an East-West comparison.
- 3) Finally, in order to consider the issue of what EU membership might mean for industrial relations and the outlook in an enlarged Europe, we consider the “Europeanisation” of national industrial relations in the “old” EU member states, and the main arenas and levels of transnational industrial relations, as they have developed since the 1990s within the framework of the EU. By considering national and transnational industrial relations in the EU before May 2004, we can draw some initial conclusions as to the conditions for integration and the challenges posed by enlargement.

The method of comparison draws on a long-established tradition of comparative research in industrial relations, both empirically and theoretically, ranging from macro-historical comparisons to quantitative and statistical approaches. The cross-national approach, which seeks to understand transformation in the structure of institutions and the substantive outcomes of industrial relations and collective bargaining through a comparison of several countries, has been the most prevalent method for conducting international comparisons since the 1980s (Bean, 1994; Ferner and Hyman, 1994; van Ruyseveldt and Visser, 1996). The present study broadly conforms with this approach, with a particular emphasis on the development of structures and institutions, and related actions by the actors. We also consider research into trans- and supra-national industrial relations within the EU (Keller and Platzer, 2003) in order to analyse the circumstances and challenges of integrating industrial relations in the CEE countries into the EU’s multi-level structure.

1.3 Multi-country comparison

One of the main aims of the study is to offer an overview of the various levels of industrial relations and their development in as much detail as possible. Our comparison of the CEE-8 considers the following:

a) Standards and practice of employment law

This fundamental stage of research looks at the development of standards and practices in employment law in relation to:

- individual rights (contractual rights, protection for specific groups);
- collective employment law, and in particular workplace employee representation in companies and administrative bodies (rights to information, consultation, and participation);
- collective bargaining (regulation of representativeness of unions, operation of free collective bargaining, involvement of unions and employer associations, extension of collective agreements), law on industrial action;
- regulation of conflicts and judicial control of employment law;
- capacity of tripartite structures to influence the legal context.

b) Industrial relations at the level of the workplace and the company

This embraces both the private and public sectors and is concerned with:

- forms and structures of workplace representation, on a statutory or agreed footing, and its practical implementation;
- incidence of workplace employee representation (including unions);
- workplace practice in the fields of information, consultation, and participation including the relationship between management and workplace employee representation and/or employees;
- management styles (traditional authoritarian approaches or modern co-operative and team-oriented management, and human resource management approaches);
- development (or debates) on the introduction of works councils and employee representation at board level.

c) Industrial relations at branch and regional level

This stage of the analysis considers:

- legal regulation of collective bargaining;
- coverage of the following levels by collective agreement: company, sector (national or regional), national (including tripartite accords);
- the proportion of the workforce covered solely by individual employment contracts (that is, *not* covered by collective agreement);
- types of collective agreement in specific areas of the economy (private sector, public corporations and state enterprises, public administration): that is, pay agreements, framework agreements, combinations of national, sectoral and company agreements;
- collective bargaining coverage at various levels;
- effect of specific forms of industrial relations on the character of industrial action (forms and incidence of strikes at company-, sectoral-, and national-level);
- relationship between collective bargaining and industrial conflict: role of the state (minimum wage, arbitration and conciliation, extension of collective agreements etc.);

d) State-level: tripartism and union and employer organisation

This dimension considers the following issues:

- forms, traditions and developments of tripartism – that is, social dialogue between the state, trade unions, and employers;
- existence and powers of tripartite (economic and social) bodies at national level; their involvement in the preparation of and consultation on legislation, framework regulations for collective bargaining, consensus-seeking on economic and structural policy, regulation of the forms and consequences of privatisation etc.;
- role of tripartism in the context of transition and EU accession, and the views of the social partners;
- development and form of unions and employer bodies (organisational principles at national, sectoral, and regional levels, membership, density);

- existence and role of chambers of trade and commerce alongside voluntary employer associations;
- mission and strategy of trade unions (for instance, as institutions for the representation of employee interests or as political organisation);
- role of the state in restructuring industrial relations – and scope for action by autonomous organisations of capital and labour.

e) Changes in the run-up to EU accession

The influences and changes associated with EU accession and the specific challenges posed to industrial relations in the CEE countries, dealt with at a number of stages in the analysis and in the concluding part, constitute a key area of comparison, from the perspective of integration.

1.4 Evaluation and overall analytical perspective

Based on the detail set out in the empirical section of the study (Part I), the following issues are then considered in the context of an overall analytical perspective (Chapter 10 and Part III).

- Whether and to what extent an “export” or “import” of West European “models” has taken place during transition and the development of industrial relations in the CEE countries.
 - Behind this question, or rather assumption, is the fundamental orientation of transition towards the paradigm of western modernity (rule of law, liberal democracy, private property, market economy). Since no “local” alternatives or “third way” diverging from this have influenced transition, and western bi- and multi-lateral organisational partners (firms, banks, EU, IMF etc.) have in effect “naturally” promoted the export of western structures and objectives, in the context of industrial relations we need to examine if and to what extent “the promoted import-export of institutional patterns of a political and economic nature” has yielded not a “catching up” (Habermas) but rather “imitative” modernisation (Offe, 1998: 103).

- This contrasts with the assumption that country-specific historical, cultural and structural factors determine the course of transition “in national colours” and hence that developments in industrial relations are highly “path and context dependent”; that is, dependent on politics, national economic and social structures, and national capacities and potential for innovation.
- This relationship between “exogenous” and “endogenous” determinants – undoubtedly hard to determine precisely – leads on to a second key area in any East-West comparison:
 - Based on their common structural features and developmental problems, do systems of industrial relations in the CEE countries constitute a unique “model” alongside the four basic types identified for Western Europe: Northern European corporatism, Continental social partnership, Anglo-Saxon pluralism, and Latin polarisation (cf. Ebbinghaus and Visser, 1997)?
 - If this is so, what would be the general features of such a “CEE model”?
 - If not, can individual national CEE systems of industrial relations be allocated to one of the Western European types?
 - Or is it only possible to compare individual CEE industrial relations elements such as union pluralism vs single national confederation, dualism vs monism, CEE tripartism vs corporatist modernisation alliances in Western Europe (with at least formal equivalence)?
- The results of the comparison of models and systems lead on to a third issue which concludes the study – that of integration:
 - To what extent can forecasts be made and scenarios elaborated for industrial relations in an enlarged EU, in particular as far as cross-border and supra-state levels of industrial relations are concerned (EWCs, social dialogue, cross-border bargaining co-ordination)?
 - Will the growth in structural and institutional differences and the expansion in systemic diversity in the field of industrial relations

serve as an unavoidable complicating precondition for any type of direction and regulation at EU-level?

- Or, despite this diversity and a greater number of actors, are there sufficient structural and functional equivalences to enable integrative and co-ordinating policies in the field of industrial relations?

This overarching link between ongoing processes of consolidation and the already attained degree of “Europeanisation” in CEE systems of industrial relations, together with the conditions and consequences of their integration into the EU system, will be dealt with in the final chapter, the context for which is set by the current political and academic debate around the “European Social Model”.

In view of current developments in industrial relations in the new member states and the existing state of research, no conclusive answer can be given to these questions. It is, however, possible – and indeed is the aim of this study – both to open up an analytical route into this, as yet, less well-researched terrain, using the empirical overview and multi-dimensional comparative approach developed here, and to lay the foundations for a continuing process of political activity and academic debate.