

Introduction

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1. Employee and employer relations in an era of change: challenges and responses from a multi-level perspective in Europe

The future of employee and employer relations and their regulatory mechanisms and institutions are undergoing profound change in contemporary capitalist societies. In particular, globalization has created instability in the form of wage competition, the decentralization of collective bargaining and the deregulation of labour standards, thereby undermining relationships between employers, trade unions and the state at both sector and national levels. This has coincided with structural changes generating congruence in outcomes rather than convergence in patterns (Baccaro and Howell 2011) within (and across) different countries within the European Union. On the other hand, it can also be argued that, by opening up space for trans-nationalisation, Europeanisation has increased the complexity of the industrial relations map. New levels, players and institutions, new horizontal and vertical relationships and interdependences among company, sectoral, national and transnational public and private stakeholders have been created (Keune and Marginson 2013). The recent financial crisis has revealed deep 'economic' fissures within the complex European project, with profound dis-integrative implications for employment relations in Europe (Arrowsmith and Pulignano 2013).

Although several studies have examined the challenges and effects of the changing employment relationships on workers and unions within different countries, sectors and workplaces, their socio-political causes and dynamics as well as the trade union and employer (management) strategies adopted in attempts to come to terms with the changing situation remain weakly addressed from a multi-level empirical perspective (for an attempt to look at multi-level see Pulignano *et al.* 2016; Pulignano and Keune 2015).

This volume is an attempt to deal with this current deficit in industrial and employment relations research by providing an overview of the extent, dynamics and strategies of the social partners (unions and their representatives and employers and management) involved and affected by these transformations. Drawing on Marginson and Sisson's (2004) concept of 'multi-level governance' to capture the complex relationships between the transnational, national, sector and workplace levels of employment relationships, we provide wide-ranging empirical evidence illustrating why a multi-level approach is potentially the most suitable way to understand the current transformations together with their social effects. The various chapters also examine the difficulties facing social partners in developing multi-level strategies while at the same time coping with economic and political changes.

We first critically contextualise change, examining its main factors and forces at different levels within the European area. We then provide summaries of the further chapters, considering how a multi-level perspective helps better understand current changes and the challenges involved in studying industrial and employment relations practice and policy. Multi-level denotes the specific attempt to articulate across the different levels of the industrial relations structures, actors and processes (i.e. European, national, sector and local while at the same time coordinating across-countries). Finally, we present a number of lessons learnt on the ground, with a focus on trade unions: what can be learnt from efforts to provide a multi-level perspective in the study of social partner strategies and responses to the transformations in employee and employer relations in Europe?

1.1 Contextualizing change: the process of European economic integration

The origin of the European Union is the 1992 adoption of the Treaty on European Union in Maastricht, culminating a process initiated by the 1986 Single European Act. An important goal of the Treaty was to promote growth, employment and rising living standards not just by removing barriers to the movement of capital, goods and labour across internal borders, but ultimately by monetary union. The common currency, together with a single monetary policy, was introduced in 1999. This profound deepening of the EU was soon accompanied by a relatively swift widening (Arrowsmith and Pulignano 2013). The twelve Maastricht

signatories were joined by Austria, Finland and Sweden in 1995 and by ten new Member States (NMS) in 2004, mainly former Communist countries in Central and Eastern Europe (CEE). The EU has since grown to 28 Member States, with most (17) adopting the euro as their currency. In the course of a single generation, the EU thus became a collection of states diverse in terms of history and culture, economic development, fiscal regimes, and welfare and employment institutions, yet economically interconnected in ways never before seen on the continent.

The scale, pace and fundamental shortcomings of this process had major implications for the regulation of employee-employer relations. In particular, the bargaining power of organized labour was weakened by the combined effects of heightened competition (between companies in countries with very different labour costs and regulatory configurations), and increased capital concentration and mobility across (and within) countries. The internationalization and intensification of competition unleashed intense pressure on nationally-based industrial and employment relations systems, as seen in manufacturing, a sector which often sets the pattern for negotiations in other sectors and industries. Companies sought looser multi-employer arrangements to gain flexibility in determining employment conditions and restructuring. The governance capacity of national – usually sector-based – industrial relations institutions was also diminished by the spectacular growth of multinational companies (MNCs) which followed the integration of EU product and capital markets; the annual number of cross-border mergers and acquisitions soared from around 750 in 1992 to 3000 at the end of the decade (Garnier 2007). Collective bargaining agendas were increasingly dictated by competitive benchmarking between different workplaces within MNCs across (and within) countries and industries. This allowed MNCs to make more or less explicit threats to relocate production or investment abroad, a trend which intensified in the run-up to enlargement in 2004 (Arrowsmith and Marginson 2006).

1.2 When did European economic integration mutate from an integrative to a dis-integrative process for the employee-employer relationship?

In the European Union's first decade (post Maastricht, pre-2004 enlargement), several common features characterising employee-employer relationships in Western Europe could be identified: a high

degree of interest organisation; multi-employer collective bargaining with comprehensive coverage; a universal right to representation with an enterprise; information and consultation rights. Moreover, it can be argued that the evolution of the European social dimension, as seen by the establishment of structures for inter-professional and sectoral and transnational company-level social dialogue as well as information and consultation rights for employee representatives, was increasingly reflected at EU level. Almost ten years after its inception, the widening and further deepening of the EU shattered this convergence. Overall, three key disorganising elements affecting employer-employee relationships can be identified:

- A progressive corrosion resulting from pressure for decentralisation and flexibilisation, particularly evident in wage regulation;
- The European Court of Justice's judgements undermining national collective bargaining;
- Crisis interventions by the Troika in Southern Europe and European Central Bank pressure on Italy and Spain, all of which have led to disruptive changes in multi-level bargaining arrangements in those countries;

1.3 Salient developments and factors of change

The changing face of employment relationships over the last two decades in Europe can be explored in terms of a more or less incremental transformation of processes (and institutions) and especially outcomes which reflect a profound shift in the economic and political balance of power between capital and labour at particular levels.

In recent decades the traditional and different national, social and employment models in Europe – whether Nordic, Mediterranean, Continental, Anglo-Saxon or New Member States – have all faced similar 'reform' pressure in order to reduce costs and increase flexibility in their employment, welfare and labour market regimes. This has been marked by a shift from 'social' (such as quality of working life, social entitlements) to 'market' (such as participation rates, qualification indices) goals. Similarly, at sectoral level restructuring pressure (as seen in manufacturing) and the need to adapt to the new challenges imposed by international competition and market liberalization (as seen in private and public services) were present from the outset. The effects of these

changes affected companies and workplaces too, as witnessed by the rise in new forms of work (i.e. temporary, atypical and precarious jobs). This in turn posed new challenges for trade unions, particularly in terms of strategies for the collective representation of workers in precarious jobs.

In terms of the origins of these changes it is crucial to take stock of increasingly integrated and competitive product markets, financialisation and capital mobility, and tertiarisation. These developments have gone hand in hand with changing labour market demographics, the growth of new technologies, as well as new forms of work organization. All these factors have impacted the content and nature of employment relationships – and employment in general. Much of this has served to weaken organized labour, thereby accelerating the pace of change. In particular, as mentioned above, trade unions are now facing profound and reinforcing challenges. First, the continuing shift of employment from labour-intensive manufacturing to services means that national workforces are becoming increasingly diverse and dispersed. The gender and occupational re-composition of the labour force, together with the accompanying fragmentation of employment across smaller workplaces and atypical forms, presents profound problems for traditional forms of labour organization and contributes to declining membership density. Second, the digital revolution is increasing the pace of change and encouraging new forms of work that constantly challenge established norms. Third, labour management is increasingly influenced by the human resource management (HRM) philosophies and practices emphasizing employee flexibility and performance and showing less concern for traditional, collective forms of labour regulation. Fourth, in the political arena, a deregulation agenda influenced by neoliberal market ideologies has emerged, manifested by the removal of restrictions (such as those on shop opening hours) in the private sector, labour market and welfare reform, and by the privatization and commercialization of public sector organizations.

2. Structure of the book

The book consists of ten chapters divided into two sections. The first section, 'Global challenges and local responses', considers transnational and global challenges and their impact on local settings, including conflicts in the context of social change. It explores union and management responses to current transformations, their challenges and

outcomes. Overall, the focus is on country and company-based case studies. This section considers the problems facing social partners when linking transnational and local settings and coming up with meaningful responses to current transnational challenges.

Chapters one (Holm-Detlev Köhler, Sergio González Begega) and two (Dragos Adăscăliței and Ștefan Guga) examine local union power and responses to local restructuring, with both addressing the issue of improving working conditions during the current period of crisis. The case study of Tenneco Spain (Köhler and González Begega) illustrates in a very innovative way how a local workforce was able, in a process of collective learning and mobilization, to challenge a powerful MNC and reverse a decision to close a plant. In this case, the intelligent combination of mobilizing the local workforce and the community, political pressure at local, regional, national and European level, legal action, and presence in the mass media – i.e. the coordinated collective action at all levels of the employment relationship – was able to rebalance the highly unequal power relationship between capital and labour. Drawing on two case studies of Romanian automotive plants, Adăscăliței and Guga analyze the crisis-driven decentralization of industrial relations and its impact on trade union power resources. Without sectoral and national institutional support, even strong local trade unions find themselves weakened, condemned to rely entirely on their own organization and mobilization capacities.

Chapter three (Nadja Doerflinger and Valeria Pulignano) presents trade union strategies in relation to the increasing use of atypical forms of employment in multinationals in the metal and chemical sectors in Germany. It illustrates the manner in which unions and works councils strategically influence the use of atypical work in their local negotiations with management. This depends on how unions and works councils articulate macro- (institutional) and micro- (local) level capabilities. In particular, macro institutional settings, such as workplace representation and collective bargaining structures, can influence local discretion. This perception may help improve our understanding of the degree to which the extent and form of contractual diversity can be controlled at workplace level.

Chapters four (Lander Vermeerbergen, Geert van Hootegem and Jos Benders) and five (Gaetan Flocco) deal with changes in work organization in Belgium and France respectively. They problematize the effects of

organizational change on employee relations, examining its effects on maintaining social peace in a context of high-skilled workplaces. Gaetan Flocco's chapter illustrates that, despite traditionally conflictual French industrial relations environments, conflict can be overcome under specific local conditions. Particularly, he demonstrates how the class position of *cadres* allows them to both challenge top management but also to achieve a particular form of social compromise: while organized in trade unions they are in a position to embark on highly individualized responses to conflict. In Chapter six, Miguel Malo provides an up-to-date comparative view of collective bargaining reforms in Greece, Portugal and Spain during the Great Recession. The regulatory changes are analyzed in light of the framework set by international law, namely ILO Conventions and Recommendations concerning freedom of association and collective bargaining.

The second section, 'European multi-level governance', looks more specifically at the evolving system of multi-level employment relations in Europe (including social dialogue and worker participation systems), identifying its main components and its distinctive way of addressing the main challenges encountered during the recent crisis. Overall the focus is on the European level of industrial relations, with the aim of illustrating social partner "good practices" in dealing with current changes through examining how relationships are articulated between EU and national/local levels. In this vein, Chapters seven (Mona Aranea) and eight (Sara Lafuente Hernández) look at negotiations/dialogue between employers and employee representatives and trade unions at European level. Chapter seven focuses on transnational representation and negotiation structures in multinationals, while Chapter eight looks at EU sectoral social dialogue. Using a case study of the insurance multinational Allianz SE, Aranea analyses the conditions and strategies allowing the development of effective multi-level representation and bargaining structures in multinationals. Looking at the social dialogue in the European electricity sector, Lafuente examines the different meanings of *sector*, *representativeness* and *capacity to negotiate* across diverse levels and critically analyses the structural limits of sectoral social dialogue from a multi-level perspective, concluding with some policy implications for research and also for stakeholders interested in the future of EU sectoral social dialogue. In Chapter nine Aline Hoffmann analytically discusses the importance of articulation across levels within the broad area of transnational industrial relations, focusing on the manner in which multilevel industrial relations can help connect policy to strategy. Chapter

ten (Miguel Martínez Lucio) closes the section with a critical reflection on the question of transnational social dialogue as the European response to the challenges posed by European economic integration. The chapter argues that there has been a steady transformation of the concept of social dialogue and a weakening of its meaning in various public bodies, with the result that it has now become uncoupled from specific players, for instance trade unions, and redefined in new business-friendly terms. In this respect, the chapter calls for significant attention to be paid to the language of soft regulation and transnational market governance often influencing social dialogue. To this end it encourages us to think of ways in which the term can be reclaimed, for instance through linking it to a broader and radical emancipatory approach which fosters consensual social relations, concertation, negotiation and social redistribution.

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