

Meil, Pamela et al.

### Research Report

## Comparative report - WORKS WP5 Policy pillar

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# Comparative report

*WP5 Policy pillar*

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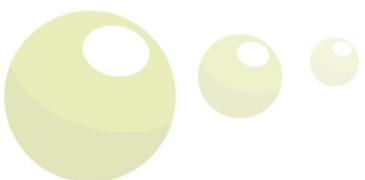
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# 1 Introduction and background

This report begins with some general information and analysis of policy and regulation that were the subjects of discussion and exchange in the policy pillar in the first phase of WORKS. The second section is a synthesis of country information on general principles and trends of policy and policy enforcement. This is followed by a summary of sector information for the sectors chosen by the qualitative pillar to be the objects of empirical analysis. The last summarises research questions and dimensions to be guidelines for carrying out case studies and capturing the relevance and effects of policy and institutions at the workplace.

## 1.1 Understanding levels of policy and regulation

Policy is formulated and implemented by a variety of levels through a variety of different institutional contexts. This makes one of the central interests in the policy pillar in WORKS, namely evaluating what effect policy initiatives and regulations have at the level of work, a challenging task. It is necessary to be aware at what levels policy is made and to determine what effects differing institutional frameworks have on the choice, priorities and interpretation of these policies.

At the EU level, a number of policy types are formulated that vary in their degree of obligation. Guidelines are the least binding, quantifiable targets are more binding, but have a relatively large range of interpretation, and directives are the most binding. At the national level, there are national action plans which are each country's method and actions to carry out the measures set down by the EU. Above and beyond implementing EU measures, there are policy developments within countries at the national level to pursue particular paths in labour protection, labour market strategy, skilling and qualification, equality, *etc.* In several EU countries, a great deal of regulation and policy initiative takes place at the regional level. Regional differences within countries are high in several cases, and also, regional authorities and offices often have an important function. At the sector level, most negotiation in the form of collective agreements takes place on issues of wages, working time, working conditions, *etc.* Thus this level is of central importance for the policy pillar. Another trend is an ongoing decentralisation of agreements on work, which are made at the company or firm level. In some countries, this level is basically the only place where regulation is occurring. In others, collective agreements are left open so that details have to be arranged at the company level, often by company-level interest representation (work councils). For many workers, there is also a form of workplace regulation that occurs directly between the company and the individual, thus adding an individual level to policy formation. Finally, although at most of these levels, regulation has a formal dimension, at the company and individual level there can be an informal form of regulation, which can be captured in case study research.

## 1.2 Trends in traditional forms of interest representation

Table 1.1 shows the large differences in union membership levels, coverage of collective agreements and change in membership between the countries being investigated in WORKS. Figures on union density and especially coverage of collective agreements, thus to what extent employers associations negotiate contracts with unions and how much of the economy they cover, have traditionally been understood as a way to measure the strength of labour to collectively represent its interests.

Over the last decade, union membership as well as coverage of collective agreements has dropped in several countries, particularly in some that were previously understood as being strong. Furthermore, high levels of bargaining coverage does not say much about what is being negotiated; the topic range can be very limited. Some increases in union membership start from a very low level, and are very restricted as to sector. Finally, developments in the new member states are still poorly understood, as their organisations of interest representation shift from state sponsored bodies, to labour organisations.

Another aspect of data collected on union density and bargaining coverage is the assumptions of potential paths of regulation that are linked to high and low representation. This is the subject of the next section.

**Table 1.1** Overview of union data for the countries in WORKS

Country	Bargaining coverage (non-standardised) (%)	Employer organisation rate (private sector) (%)	Range of union density rates	Proportion of workforce in trade unions (2004) (%)	Trade union membership 2003 (no. of members)	Change in number of members 1993-2003 (%)	Share of all union members in the public sector (%)
Austria	91-100	91-100	31-40	47	1,407,000	-12.9	39.7
Belgium	91-100	71-80	51-60	60	3,061,000	+6.8	-
Bulgaria	-	-	-	18(est.)	515,000	-76.5	-
France	91-100	71-80	1-10	9	889,000*	+44.0*	66.3**
Germany	61-70	61-70	21-30	27	8,894,000	-23.9	39.3
Greece	61-70(est.)	61-70	21-30	26	639,000	-11.4	-
Hungary	31-40	-	11-20	16	936,000	-	70.3**
Italy	61-70	51-60	31-40	30	11,266,000	+6.3	53.1**
Netherlands	81-90	71-80	21-30	25	1,941,000	+7.2	28.8**
Norway	-	-	-	60	1,498,000	+13.1	-
Portugal	71-80	51-60	21-30	26	1,165,000	+1.3	-
Sweden	91-100	51-60	71-80	80	3,446,000	-7.2	47.9
UK	31-40	31-40	21-30	30	7,751,000	-12.0	47.4

\* Data only for CFDT; For CGT not available.

\*\*Data from 1998.

Data from 2003 unless otherwise noted.

*Source:* Industrial Relations in Europe 2004, Trade union membership 1993-2003 (EIRO), Industrial Relations across Europe 2004 (FedEE)

### 1.3 Institutional frameworks, conceptional frames, paths of regulation

The institutional frameworks in which policy gets realised are an important part in understanding the options possible, which paths are likely to be chosen and what the general regulatory context for worklife will be. Usually institutional frameworks are conceptualised in categorical schemes which reflect the institutional make-up of, and relationship between negotiating parties, the orientation of their regulation and their targeted arenas. Examples of such categorisation typologies include the division of national systems into micro-corporatist, macro-corporatist, voluntaristic, and regionalist (Jacoby, 1995; Crouch, 1993). Corporatist systems are characterised by strong labour and capital organisations which negotiate in a rule-based framework, with greater or lesser involvement of the state. Voluntaristic systems reflect more liberal, market based contexts, in which the level of organised collective bargaining is low. Regionalist systems may have organised negotiations in certain areas of a country, rather than in a sector or national based form of organisation. Another typology of industrial relations systems summarises the European landscape in four groups: *Nordic corporatism; continental social partnership; Anglo-Saxon; Mediterranean system* (Ebbinghaus & Visser, 2000). The first, comprising the Scandinavian countries, includes the following characteristics: Centralised; high membership levels; strong state support; highly institutionalised; sector level collective bargaining; a high level of cooperation between trade union and employer confederations. The second, in which Germany, Austria, Belgium and the Netherlands are included display: high levels of co-ordination; Sector level collective agreements; social partner regulatory function; complex regulatory system; and a greater segmentation of organised interests than in Nordic forms of corporatism. The Anglo-Saxon form, in which England and Ireland are grouped, is characterised by: Voluntary 'free' collective bargaining; the absence of a strong central organisation; Company level collective agreements; Fragmented unions. Finally, the mediterranean system, attempting to capture Southern European (Italy, Spain, France) systems which are often left out of categorisation schemes are characterised by: Weak institutionalisation; politicised union divisions; adversarial relations between IR actors; political mobilisation for state intervention. Still missing in classification schemes are the new member states. This is due in part to the great diversity between them and also because they are still in a period of flux. The legal and institutional frameworks that would govern working arrangements and social protection and enable social dialogue are being adapted and reinvented. The balance act of promoting economic prosperity, changing to market economies, dealing with a large informal economy, and at the same time creating viable industrial relations systems is a challenge.

Other approaches attempting to capture the differences between institutional configurations at a more analytical level include the distinction between welfare state regime types (Esping-Andersen, 1990). Here the historical development of particular institutional frameworks are used to explain the crystallisation of regime types which have different orientations to social and labour market policies and different societal trajectories. In this case, social-democratic regimes emphasise social investment to achieve social integration; corporatist regimes have social binding and protective orientations, and the societies are more segmented in terms of social integration; liberal regimes are market-led and individualist. The varieties of capitalism approach (Soskice & Hall, 2001), proposes two main paths of development: liberal market societies and co-ordinated market societies. The argument is that each economy displays specific capacities for co-ordination that will

condition what its firms and governments do (p. 35). These are anchored in institutional complementarities that have developed and continue to develop in specific national contexts.

The usefulness of creating 'ideal types' and classification schemes to understand industrial relations and institutional variety is open to question. As Esping-Andersen's and Soskice and Hall's studies imply, behind the exercise of grouping systems into categories is the assumption that particular trajectories or paths of development can be linked to systems types. Moreover, it is argued that different paths enable different responses to firm strategies because of the strength or lack of it to co-determine, influence, or block them. Further, paths of regulation also affect the firm's strategic orientation: will it pursue stability by promoting an internal labour market, or rather opt for externalising risks (see Bannink *et al.*, 2005). For instance, the social democratic path strives for equality and social integration through cooperative relations between capital and labour which emphasise stable economic environments and high road work performance orientations for economic development. This should translate into investment in worker skills and high end economic activities, less income dispersion, higher quality of worklife, and a lower tendency for firms to pursue low cost restructuring options. The corporatist path should be geared to cooperative bargaining on a more targeted range of topics to achieve a stable corporate environment, and a protective, rule-based agreement structure which secures the needs of a core workforce. The liberal path should reveal an efficiency-based structure with high levels of flexibility in which ability to protect interests is based on individual strengths, the possibility for firms to pursue low cost restructuring options, a deregulated, non-cooperative industrial relations climate.

In addition to paths of regulation, the different institutional frameworks also reveal differences in the strategy of institutional actors. For instance, a highly cooperative and institutionalised form of regulation may be linked to a proactive form of negotiation and collective bargaining. In these systems, active labour policies, active policies to limit discrimination, active policies to both improve the quality of worklife and at the same time engender economic growth may be observable. Between solidary approaches with some evidence of segmentation in the coverage of the working population, more protective approaches might be observable. In these strategies, security and good working conditions for a section of the workforce may be traded off against greater flexibility or the use of flexibility arrangements for those 'outside' of the system. In less cooperative and less institutionalised systems, the character of negotiation may be more confrontational and conflictual. A final type of negotiation strategy may be defensive; trying not to lose even more ground in highly individualised, market-led systems.

Characterising paths of development to identify plausible policy outcomes in different institutional contexts is certainly a useful analytical tool when trying to understand why certain regulations are implemented in specific cases, what effects they are having, and if and how the effects differ between worker types. However, there are some problems with this approach. For one, it is unclear how coherent these paths ever were. They may characterise a system as a whole, and in so doing, vindicate the exclusion of a variety of societal and worker groups in the regulation process. Even assuming their past coherence, the problem is that most nations are undergoing a major process of change and restructuring of their economies, their labour markets and their work organisation. Thus paths of regulation are becoming less and less clear, even in systems in which they were formerly visible. Many of the variables chosen to categorise and the conceptions of type reflect

production conditions and worker relationships that characterised the post-war industrial era. Systems of industrial relations in western European states in particular took their form and regulation patterns in this period. It is a challenge to conceptionalise these institutions and their policies in a new way to understand what is happening to quality of worklife in today's workplaces.

The reasons for change derive from a variety of pressures and trends coming from both firm strategy and adaptations in institutional bargaining. One of the starting points for WORKS is examining the restructuring across value added chains, which involves outsourcing, offshoring or job transfer across company units, companies, and/or countries. With restructuring, comes other firm strategies that affect policy and institutional response, such as shifts in production regimes toward concentration and interlocking firm networks, a movement toward increased marketisation in the organisation at the lowest levels in the form of economic value added targets, technical controls, uniform reporting procedures. These developments in firm orientations tend to shift the balance of power between labour and capital. Along with changes in firm strategy, come changes in job profiles, skill requirements, and shifts in predominance of particular economic sectors. These trends tend to require an increasing diversity in labour agreements to meet individual needs. For institutionalised bargaining, this means an increase in decentralisation and individualisation of bargaining that potentially undermines more centralised and collective strategies of the past. Additionally these trends demand a large diversity in solutions that also change the original strengths of collective bargaining. At a more strategic level, the pressures from firm strategy and employment shifts lead to changes in bargaining concerns and topics such as protection against collective dismissal, transfers, work-life balance, individualised time use, skilling, life course, international links, which is a tall order for systems whose main areas of bargaining competence centered around wages, working hours, and contracts. Making it more difficult for institutionalised systems of interest representation, is that fact that forms of workplace communication as well as firm strategy in measuring performance, circumvent unions and other types of collective interest representation.

In order to really understand the institutional frameworks of European nations and their policy orientations today, a more dynamic approach is necessary than typologizing systems. For one, many systems are displaying shifts away from state-based or corporatist systems to greater influence of the market, even when institutional structures have remained, from the outside, stable. Also, within nations, systems are revealing more and more hybrid forms (Van Gyes, 2003). There are a large variety of indicators that capture the character of systems and how they might be changing. This will be dealt with in more detail in the final summary chapter.

## 2 General principles of regulation Country summaries

For the countries in the WORKS project, one of the policy pillar's tasks for the comparative report was to outline general principles of regulation, and to point out new trends in topic areas key to WORKS. We recommended looking at the following topics. However, if other issues were particularly important, they could be included:

- wage formation;
- time use;
- employment protections;
- working conditions (benefits);
- qualification and skilling (how organised, what requirements);
- active labour market policy measures;
- labour market characteristics (full-time, permanent, skill levels).

Further, information on these areas were to consider:

- general trends and principles;
- the level of regulation;
- what institutions are involved;
- what forms or enforcement exist or limits to enforcement (collective agreements, national regulation, *etc.*);
- which workers are included, affected, covered;
- and of course a sense of the recent changes in these areas.

Facts on these issues are available from a variety of other sources, particularly the internet sites of the European Foundation for the Improvement of Working Life, the European observatory, surveys on quality of work life carried out by the EU. Therefore, beyond simply supplying factual information, the policy partners also were asked to provide a short commentary on the principles and trends in the countries for which they were responsible. Also the goal was to provide the most recent impressions, since much information available is already out-dated.

In a second round, the partners were asked to provide information on these topics for the sectors that have been selected for the empirical research in the qualitative pillar: the food sector, textile and clothing, IT sector, public sector services, and private service of general interest (post and rail). Here also some sense of trends and regulations have been collected by the policy pillar members, although information was difficult to acquire, so not every country or sector is included.

With this information, our goal was to provide some guidelines and orientation to the researchers involved in the case studies. We have summarised and synthesised this information to provide a context for understanding how policy and institutions potentially are playing a role in the work situations and restructuring that researchers will be

finding at the organisational level, and to collect useful data on how policy is being effected by restructuring along value added chains in the different institutional contexts and sectors being investigated in WORKS.

## 2.1 Countries

### 2.1.1 Austria

Austria has seen a large decline in union density rates over the last decade, now down to about 35 *per cent*. As in Germany, the levels of public sector employment are also relatively low in EU comparison, and the level of female union participation is also quite low (around 31 *per cent*).

Also as in Germany, the low union density does not affect bargaining coverage which is extremely high in Austria, nearly 100 *per cent*. Austria has sector level bargaining with broad extension of agreement coverage. Collective agreements covering wages, benefits and working conditions are negotiated exclusively by the OGB union with the National Economic Chamber and its association. Thus, Austria has the most centralised union structure and bargaining coverage in Europe. This is due to obligatory membership in the Austrian Economic Chamber which guarantees inclusive coverage. Austria has a dual channel system of enterprise level representation in the form of works councils which have the right to representation, information and consultation. In Austria as well as Germany, a new trend in sector agreements has been the use of opening or hardship clauses in the agreements which allow firms to negotiate new arrangements with their workers if economic conditions make it necessary.

#### *Wage formation*

Austria has an extremely high level of centralisation of wage bargaining (the most centralised in Europe). There is no minimum wage, rates are set through collective bargaining.

#### *Working time*

The share of temporary employment contracts is relatively low, and of those, more than half are more than two years. Moreover, nationwide collective agreements have been signed for temporary agency workers. Of those who work part time (less than thirty hours per week), more than 80 *per cent* are women.

#### *Employment protection*

Works councils have the right to be consulted prior to restructuring and in firms with more than twenty employees, there has to be a social plan to ease the impact on employees. Collective redundancies have to be agreed upon with the works council, or be decided by a conciliation group.

### 2.1.2 Belgium

Every other year, the Belgian business federation and unions negotiate a nationwide collective bargaining agreement covering the majority of private sector workers, which establishes the framework for negotiations at the plant and branch level. Around 90 *per cent* of workers are covered by collective bargaining agreements. The agreements, however, are left quite open, thus characterising the Belgian system as a multilevel one, at least for the private sector. In Belgium, sector level agreements for new work regimes were made at the beginning of the 90s. For instance, extensive options for a career break have been introduced.

#### *Wage formation and working hours*

Belgium has a statutory minimum wage and the standard workweek for full-time employees is 38 hours.

### 2.1.3 Bulgaria

The Bulgarian government has signed a charter for social cooperation with the national confederation of trade unions (CITUB) and four employer's associations. The agreement is designed to achieve industrial peace during the government's five-year economic development program during which wide-scale privatisation will be taking place.

There are two large trade union confederations: the Confederation of independent trade unions of Bulgaria and Podkrepa, which represent the overwhelming majority of unionised workers, which is nonetheless quite small (proportion of the workforce in unions is estimated at 18 *per cent*).

#### *Wage formation*

Bulgaria has a minimum wage set at the national level by the national council for tripartite collaboration which encompasses nine categories of personnel for each sector. Their determinations are influenced by the currency board and agreements with the IMF. Other wage agreements are either set at the sector level in collective agreements, although even when they are reached they tend to be only weakly adhered to. Most agreements are made at the company level, thus are highly decentralised in the private sector. In the public sector, wage formation is still centralised. Following amendments to the social security legislation and in line with the 2003 state budget law, employers have been required to pay social security contributions to their employees since the beginning of 2003 on the basis of a specific minimum amount of pay - the 'minimum social insurance threshold' - to be determined by collective bargaining at sector and branch level for 48 economic activity groups and nine occupational groups. The aim is to stop the practice of employers paying contributions on the basis not of the employees' actual wage, but of the much lower national minimum wage. These minimum thresholds were negotiated in 2002 by trade unions and employers' organisations in the various sectors, and extended to cover all companies in the relevant sector by the state budget law. Thresholds are updated

every year for the following year (Industrial Relations and Undeclared Work in Bulgaria, [www.eiro.eurofound.eu.int/2004/06/tfeature/bg0406202t.html](http://www.eiro.eurofound.eu.int/2004/06/tfeature/bg0406202t.html)).

#### *Time use*

The labour code regulation stipulates a working week of forty hours. However, particularly in the small and medium sized enterprise sector, practices of working longer exist. Basically for large companies, there is some regulation through collective agreements at the company level, but in general time use is not well regulated.

#### *Employment protection/security*

There is a labour code which protects formal employment in the public sector. However, in this sector there is nevertheless a high level of turnover because the wages are low. Bulgaria has very high social insurance payments: the rate in 2002-2003 was 42.7 *per cent* for employed and 29 to 32 *per cent* for self-employed. The ratio of payment between employers and employees was previously 75:25, but the government plans to change this to 50:50.

The unemployed can receive 4 months of compensation at a rate of 80 *per cent* of the minimal month salary. Some unemployed are involved in active policy programs of the Ministry of labour and social policy.

In order to battle undeclared work, which represents about 22 *per cent* of GDP in Bulgaria, the National Security Institute implemented a procedure to be stricter about registering labour contracts in 2003. As a result, many civil contracts were changed into labour contracts. The consequences of this action are currently under investigation.

#### *Training and qualification*

There are various laws such as the vocational education and training act adopted in 1999 for the recognition of professional education and training; the Law on higher education from 1995 which protects the independence of higher education in respect of ideological, religious and political doctrines. Several training initiatives can be found in large domestic companies and in large foreign multinationals, much fewer in smaller companies. The social partners have developed some training centres (such as the nation-wide training centre of the Bulgarian Chamber of Commerce and Industry), but in general the provision of training is sustained by professional schools (public and private) and by private companies.

#### *Active labour market measures*

In Bulgaria there is recognition by the employment agencies and ministry of labour that programs for workers in the SMEs, ethnic minorities, the self-employed, and the disabled require measures to induce employment for groups at risk. The measures might include development of vocational training and entrepreneurship, reforming social services and deinstitutionalisation, reforming the social security system, improving structured social dialogue. However, it is unclear how effective or widespread these measures are.

### *Labour market/worker coverage*

Core workers and seasonal work, not to mention undeclared workers, exist side by side in various Bulgarian labour sectors. Seasonal work is common in the brewery industry, but undeclared work is rare in the sectors envisioned as cases for WORKS.

### *Working conditions*

Especially in large foreign companies, EU regulations on health and safety at work are being enforced. In small companies, the implementation of several EU directives tends to be formalistic and insufficiently monitored.

## **2.1.4 Germany**

### *General regulation landscape and means of regulation*

Germany is a system that has a relatively low level of union density (less than 25 *per cent*), but through collective bargaining between unions and employer associations has a relatively high level of collective agreement coverage (now around 60 *per cent*, a trend which has been on the decrease since the early 1990s). Reasons for decreasing levels of union density include: rising rates of unemployment; increase in employment in non-unionised sectors such as IT, and some private services, both with highly skilled workers and groups with a lower propensity to unionise; increase in non-standardised labour contracts and part-time work which are not covered by collective agreements; the non-coverage of management employees (who earn above the collectively agreed upon wage and salary contract). Decreases in collective bargaining coverage is due to the withdrawal of firms from employer associations who then bargain independently with the unions or who withdraw at least a portion of their workforce from the jurisdiction of the employers' association.

Germany portrays a classic case of the corporatist institutional structure in that sector level and industry specific collective bargaining between national level unions and employer associations negotiate within a strong structure of labour law. The model agreements can be extended to the entire sector by the ministry if more than 50 *per cent* of the workforce is already covered, and this is standard practice. Having blanket agreements that cover an entire industrial sector which includes small and medium-sized industries is an important aspect of Germany's version of solidary interest representation. However, another characteristic of Germany's system of industrial relations is that Germany's traditional strength in institutional protection has been with male, full time, permanent workers in traditional industries such as automobile, metal working, electronics and steel. Female participation rates are low in European comparison (about 30 *per cent*) and strongly linked to particular sectors such as the public sector and health care. Another aspect of the institutional structure is its insider-outsider character: part-time workers, workers on non-standard contracts, foreign workers, women, are often not covered by agreements, nor are their interests given priority in negotiations. However, through the dual system of interest representation, workers in companies with more than 20 employees have the rights to representation, information and consultation irrespective

of trade unions if they elect to have a works council. German law mandates that works' councils have broad rights on some aspects of company policy and practice.

Topics covered in collective agreements tend to be quite traditional: wage levels, weekly working time, and health and safety issues. The social partners have also been strongly involved in setting training standards for apprenticeships in traditional occupations, and the regulations for the dual system of apprenticeship training are highly structured. This has led to a high level of skilling in many occupations, particularly in industrial occupations compared to other countries. The ability to negotiate on issues of restructuring or integration, shareholder value orientations, broadening sectoral agreements beyond national borders, *etc.* have been less successful. There have been some agreements to trade wage concessions for job security provisions (for instance, clauses that up to a certain year there will be no job cuts among wage employees). However, companies and employer associations have been increasingly demanding opening and flexibility clauses in contracts if the company's economic situation worsens.

Employee rights are also based on the dual system of representation with the plant based works councils negotiating grievance conflicts, fine-tuning wage and time agreements at the plant level. Their role has increased dramatically in recent years with more decentralisation of negotiation. Most agreements include the provision that works councils should be informed of restructuring plans that affect internal work organisation as well as job dismissals.

The German system of industrial relations was, in previous classification schemes, categorised as conservative-corporatist, continental social partnership (organised interests more segmented, but large role in co-ordinating non-market elements of the economy, social partners have lots of regulatory functions, core or co-ordinated capitalism (characterised by complex procedures and rules. However, the German system is in a period of flux. There are a number of reasons why an increasing orientation toward market-based and liberal firm strategies can be observed with less capacity for response from the institutional framework of industrial relations. Even in sectors with higher levels of mobilisation, such as the public sector, the position is a defensive one and the goals are modest.

### *Wage formation*

Germany has no minimum wage except in the construction industry, but this is a subject of public debate at the moment. Wage regulation is set through collective agreements at the sector level and covers all regular employees in the sector. Wage developments have been very moderate over the last decade with employer's associations asking for null rounds to deal with poor economic situations and threatening the danger of dismissal or closure if wage pressure is too great. In the last round in the metal industry, the partners agreed on a rate higher than in the last years of 3 *per cent.*

### *Working time/time use*

Since the 90's, one of the strategies of the unions has been to decrease working time especially in the metal and automobile industries to protect employment and induce employment creation. In fact, it seems that high levels of overtime had been worked rather than new jobs created. In the last rounds of negotiation, employers in every sector, including

the public sector, have been pressuring for working time increases. Currently average working time is formally about 36 hours a week, but this differs greatly by sector, by employee type and is generally on the rise.

At the enterprise level more and more flexible arrangements for working time are being agreed upon: for example, working more hours in high demand periods and taking blocks of time off. However, in comparison with other regulated societies, Germany's time regulations are more rigid and less individualised.

### 2.1.5 Sweden

#### *General principles of regulation in Sweden*

Levels of regulation are estimated to be high in Sweden, mainly regulated through collective agreements. Due to the strong 'Swedish model' with a strong history of collaboration between Swedish labour unions and the confederation of Swedish enterprises, collective agreements play a central role in the Swedish labour regulation landscape. A high level of Swedish workforce (94 per cent) is encompassed by the collective agreements. However, in Swedish law collective agreements are not universally valid, that means legally non trade union members are not covered by the agreements, although they usually are in practice.

Swedish trade unions are still some of the most powerful in the world; the level of membership has not declined in the same way as in other EU countries. It still remains around 80 per cent in Sweden (Magnusson, 2006: 150). In Sweden, employees have a minority representation on the boards of companies, while the process of co-determination means that consultation with trade unions must take place on all 'important changes'. Unions often manage to secure concessions from management concerning its original plans for dismissal resulting from rationalisation - for example, over the number of employees being affected by the dismissal. There are three trade unions: blue-collar (LO affiliates), white-collar (TCO affiliates), professional (SACO affiliates).

#### *The means of regulation*

Swedish Employment and labour law encompasses several parts: *The Collective labour law* regulates collective agreements and labour market organisations, where one important regulation is the *Act on Co-determination at Work* (MBL). The Act on Co-determination at Work covers all questions concerning the relation between employer and employee in the entire labour market. The *Act on the Position of a Trade Union Representative at the Workplace* (Union Representative Act) is closely linked with the Act on Co-determination at Work. The *Act on Board Representation* for employees of limited liability companies and co-operative enterprises/organisations is also linked with the Act on Codetermination at Work. The *Act on Security of Employment*, LAS, came into existence to increase security of employment by prohibiting undue notice of dismissal and summary dismissal. The *Working Hours Act* guarantees that the employer does not misuse rights to establish the length and disposition of working hours.

### *Wage regulation*

There is an increasing trend toward decentralisation and individualisation of wage formation. However, this change has taken place within the formal system of collective bargaining on wage formation.

### *Working time regulation*

All employees in Sweden are covered in the national regulations on working time, but it is possible to make other agreements that diverge from the law through collective agreements on a local level. The sectoral agreements allow for schemes to be negotiated at the local level, as one of a range of possible flexibility arrangements. However, the agreements can not be less advantageous for the workers than stated in the EU-directives on working time.

Overtime is difficult to regulate. Some contracts are negotiated to include overtime in the salary conditions.

New rules stipulate that the average weekly working time should be, at a maximum, 48 working hours.

### *Coverage of workers*

The Equal Opportunities' Ombudsman (Jämställdhetsombudsmannen, JämO) is the governmental, independent authority responsible for ensuring that *legislation in the area of equality*, mainly adhering to the Equal Opportunities' Act is met. This is compulsory.

The same labour laws apply in principle to workers both in private and public sector.

The most persistent divisions between workers is that between permanent employees and those either part-time or on fixed contracts. There is discussion of changes in the law to remove some temporary employment forms and thereby strengthen the union's power to negotiate better conditions for the temporary employed.

Young people and immigrants from outside the EU have a weak position on the labour market.

### *Employment protection measures*

A mandatory rule is the requirement that there be objective grounds for termination of a permanent employment contract.

Increased employer responsibility for employees health and sick pay came into force in 2005.

### *Working contracts/working conditions*

Some rules in labour law are discretionary. For example, there can be deviations from the Act on the Security of Employment's (LAS) rules concerning various forms of limited employment contracts if it is so agreed upon in collective agreements.

There are currently negotiations underway for laws that increase the right to fulltime work.

### *Qualification*

Sweden has relatively few regulations on formal qualifications. In some professions a diploma, certificate or other evidence of formal qualification is required which proves appropriate education and experience. Other professions are not regulated.

Education or employability is mainly organised by the individual and state education system.

Some Companies and organisations provide competency development within the organisation. However, part-time workers would be inclined to be less included in these provisions.

### *New topics of regulation*

**Internationalisation:** There is a continuing discussion among the social partners on which collective agreements should be applied in situations involving workers of different nationalities and cross-border working. The general view of both the government and the unions is that Swedish collective agreements should be applicable to foreign workers coming to Sweden.

### *Active labour market policy*

The 'Swedish way' is to provide the opportunity to retrain workers in sectors facing reduction; recent examples are after downsizing the Swedish military forces, the Post or the public sector. This is mainly provided for through *the Job Foundation* and *the Swedish Job Security Agreement*. The Job Security Agreement applies to those in permanent *government* employment who have been made redundant, have been given notice due to lack of work, or who do not accept relocation. The main objective is to ensure that an employee given notice finds a new job. There is a similar foundation called *Trygghetsrådet* for private hired white-collar and workers in industry and services.

The Swedish Parliament has decided to allot extra employment funding to municipalities and county councils during 2005-2006. In the 2006 budget the Government believes that continued measures are required to reduce unemployment, particularly among the long-term unemployed, young people, immigrants and people with disabilities. Labour market measures will provide an opportunity for more places in employment training. The employment training will be provided in areas where there is an existing or impending shortage of labour.

### *Levels of regulation*

The EU labour law regulations have had major impacts on legislation in Sweden. One exception is the implementation of the EU working hour's directive; Sweden made its own regulation in this area. The Commission has sued Sweden for not fully implementing the directive (Ahlberg, 2005; [http://ebib.arbetslivsinstitutet.se/aio/2005/aio2005\\_05.pdf](http://ebib.arbetslivsinstitutet.se/aio/2005/aio2005_05.pdf)).

Other areas where EU regulation has had a strong influence are on equal opportunities, gender equality and regulation on discrimination.

Collective agreements at the national and local level are the main form to implement EU, national and other labour laws. There is variation between sectors on the form the regulation through the collective agreement takes. There is also a trend to deviate from EU and national laws at the local level especially in the area of working time and working contract.

### 2.1.6 Norway

#### *General principles of regulation in Norway*

Many regulations implemented in Sweden also apply to Norway. Levels of regulation in Norway are estimated to be high, mainly regulated through collective agreements. Unlike Sweden, these collective agreements can be universally applied beyond union members.

#### *The means of regulation*

Collective agreements regulate the rights and duties of workers' representatives and company management with regard to participation and co-determination. The basis agreement negotiated between the Norwegian Confederation of Trade Unions and the Confederation of Norwegian Business and Industry set the norm. Works councils are compulsory in companies with more than hundred employees. The Act relating to Worker Protection and Working Environment (Arbeidsmiljøloven, AML) makes working environment committees compulsory in all enterprises with more than fifty employees. Company-level trade unions and their representatives play an important role in the Norwegian participatory system, and they also play a significant role in the more formal structures for employee representation (<http://www.eiro.eurofound.eu.int/2003/09/tfeature/no0309102t.html>).

#### *Changes in regulation*

Several EC directives on social policy issues apply to Norway through the operation of the European Economic Area (EEA) agreement. The EU Directive on *part-time work* was implemented during the first half of 2001. The legal framework concerning *discrimination* in employment was strengthened the same year.

In 2005, the Norwegian parliament passed a number of *changes to current working environment legislation*. The changes include provisions to make it easier to use temporary employees, and to improve the prospects of part-time employees to obtain extended working hours. Furthermore, the amendments seek to implement the 2002 EU Directive on rights to information and consultation. The new government of Norway had already passed a law which strengthens the situation for temporary employees in a number of ways (EU och arbetsrätt, nr. 4, 2005).

A *reorganisation of the Norwegian labour market and welfare services* will take place in the summer of 2006. The Public Employment Services, the National Insurance Services and the municipal social welfare service will be merged. This is said to be a way of achieving 'flexicurity' in Norway, based on adaptability to change, an active labour market policy and a high degree of income security.

Most national *collective agreements* related to work in Norway are due to be *renegotiated* in 2006. Issues on the agenda include pay, early retirement, and the rights and powers of shop stewards in relation to hiring of labour and outsourcing. This year's wage settlement is a so-called 'basic settlement', meaning that all aspects of the bi-annual collective agreements may be subject to revision.

#### *Wages*

Wage regulation is becoming increasingly decentralised and individualised. There is no minimum wage in Norway. Those not in trade unions are not covered by the wage agreements.

#### *Time use*

There has been a liberalisation of the laws regulating the relationship between temporary and fixed labour. Generally there has been an attempt to strengthen the position of temporary labour and at the same time allowing for a greater use of leasing labour.

#### *Coverage of workers*

The terms of wages and employment for foreign employees are equal to those of Norwegian employees.

#### *Qualification and training*

The employer has an obligation to provide the employee with training that is needed to perform the job.

### **2.1.7 Netherlands**

A social partnership arrangement has evolved between the government, private employers' organisations and the unions. All three participants negotiate guidelines for collective bargaining agreements which, once reached in a particular industry are extended by law to cover the entire sector. Collective agreements cover around 75 *per cent* of the workforce although the proportion of the workforce that is unionised is only about 25 *per cent*.

The kinds of agreements being made at the company level, interpreting and fine-tuning general agreements, reflect that social policy has entered a relatively new domain: the reconciliation of work and (family) life. This policy development is reacting to socio-cultural changes (individualisation, reflexivisation) and the emergence of life-course related risks.

A quick scan of relevant policies in this area in the Netherlands) shows that decisions on the nature and the use of arrangements are often made at firm-level. The general policy frameworks are created on national, inter-sectoral and sectoral levels, but they consist mainly of open rules that leave room for company-specific and/or personal preferences, for instance in the area of (flexible) working times (The Netherlands: 1996

Working Time Act). Work-life balance schemes are part of the tendency towards 'multiple-choice' conditions of employment, providing the worker with options to buy time credits, or create flexible work patterns otherwise. The types of policies vary. One example is, for instance, in the Netherlands a legal right to part-time work was introduced in 2002. But what they have in common is a degree of institutional indeterminacy. Time options do not refer to unconditional social rights; their shape and utilisation partly depend upon organisational conditions (even in the case of the Dutch 'right' to part-time work).

This implies that firms have an institutional space for strategic action at their disposal.

Employers can decide to control the use of certain arrangements. For instance, workers who have collected considerable time-credits might be forced into early retirement by their employers, if this is in the interest of the firm. Next to that, employers will try to introduce those work-life schemes that have particular organisational advantages. A telling example is the introduction of distance working (teleworking), which is well-known for the fact that it favours the productivity goals of the employer, rather than the time-sovereignty of the worker.

#### *Wage formation and time use*

There is a minimum wage, although higher rates are usually set by collective agreements. In many sectors, the normal working time is 38 hours. As pointed out, there are a number of individualised working time arrangements and working time account arrangements.

#### **2.1.8 France**

The industrial relations environment in France is quite difficult for a number of reasons, including, poor economic situation, overall social change, pay stagnation, job losses, cuts in civil service employment, rises in social security contributions, a reduction in the proportion of medical costs reimbursed, high level and longer periods of unemployment even for recent graduates, and a restriction in unemployment benefits. The French government is seeking a radical reform of the industrial relations and social landscape; health system, working time and the criteria for bargaining have been amended (Dufour, 2005).

The level of collective bargaining recorded in 2003 fell compared with previous years. In the years 1998-2002 intense bargaining was carried out on the issues of working time. In 2004, national-level intersectoral bargaining slowed down noticeably, while still having a strong influence on the political and social agenda (Dufour, 2005).

The level of unionisation among French employees is extremely low: 8.2 *per cent*. The rate is over 15 *per cent* among public sector workers and has dropped to 5 *per cent* in the private sector (Dufour, 2005).

Works councils play an important role at the workplace, but despite their monopoly in works councils elections, labour unions have lost these to non-union slates. Thus the highly centralised unions in France have less and less influence on issues at the workplace.

### *Wage formation*

In 2003 the average nominal wage increase contained in collective agreements was 3.4 *per cent* (Carley, 2005a). In 2004 wages in France rose moderately, on the one hand there was an increase in the national minimum wage (Dufour, 2005) countered by a freeze imposed on wages for civil servants. Inflation (at 2.1 *per cent* over the year 2004) was slightly lower than the average private sector pay rise (Dufour, 2005).

Minimum wage: France is one of the eighteen countries of the EU which have a national minimum wage. The amount fixed for 2004 was 1,286.09 Euro per month (7.61 hourly). The increase in the minimum wage in 2004 was 5.8 *per cent*. This means the increase in the minimum wage exceeded the increase in pay achieved by collective agreements (Carley, 2005a). In 2004 the overall percentage of employees who receive the minimum wage was 15.6 *per cent*. In 2001 the minimum wage in France ranged at 13.9 *per cent* (men 9.9 *per cent*; women 19.9 *per cent*) (Eurostat; Regnard, 2005).

Minimum wage fixing: The minimum wage is fixed by the government. The government sets a new national minimum wage rate on July 1th each year, following the opinion and report of the National Committee on Collective Agreements (ILO-Minimum Wages Database).

There is tax relief in low wage sectors (tax-free-amounts).

### *Time use/working time*

In France the average normal weekly working time in 2004 for full-time workers as set by collective bargaining across the whole economy was 35 hours. This law is said to have had positive effects on employment, but has high costs to the state since the state grants financial compensation for employers. The statutory maximum working day in France is ten hours (Carley, 2005b). In 1998, France passed a working time law that set the length of the statutory working week at 35 hours in companies employing more than twenty people (to be met by 1st January 2000 in large firms and by 1st January 2002 for smaller firms. The reduction of working hours has shortened long working weeks (over forty hours), which nevertheless remain common for most professionals and top level managers. In 2004, a French full-time-worker usually worked 39.8 hours per week. Women's average usual full-time hours are 37.7 hours; men's average is 39.6 hours. Besides Italy and the Netherlands, France has one of the lowest levels of usual hours worked by full-time employees. In 2003, part-time employees usually worked 23.3 hours per week; this means France is above the EU25 average of 20.0 hours. Furthermore France has a statutory minimum period of paid annual leave of 25 days (Carley, 2005b).

The French government allows 220 annual hours of overtime and enables collective or even individual bargaining on lengthening working time (Dufour, 2005).

The European Foundation for the Improvement of Living and Working Conditions has observed an increase in on-call work in France. Regular Saturday work increased for previously unaffected categories, such as manual workers and administrative employees. Furthermore, the European Foundation states an increased incidence of night work. 13 *per cent* of employees engage in night work: men account for three-quarters or those who work a night shift. Since the beginning of the 90s, night work for women has increased more rapidly than for men; around 90 *per cent* of night workers are in the service sector.

The manufacturing sector experienced the largest increase in night work both for men and women. Night work is often combined with variable working hours and weekend work.

#### *Active labour market measures*

There is a multiplicity of institutions on the local, the regional and the national level involved in labour market measures, such as allocation of unemployment benefits, training activities and integration into the labour market. Thus the French labour market system is characterised by a complex institutional structure.

The social partners play an important role on all levels of French labour market policy. They are involved in the formulation of the National Action Plan on Employment (NAP) and are represented in the boards of several institutions of the labour market system, *e.g.* the board of the National Labour Administration (ANPE), the board of the National Education Establishment for Adults (AFPA), and the boards of the most important social insurance agencies.

The National Labour Administration (ANPE) plays also a decisive role in France's labour market policy. ANPE incorporates 734 local agencies and other 973 service points. ANPE's main objective is to support job seekers.

In general the Ministry of Labour and Social Solidarity is responsible for national labour market policy (employment, social security, vocational training, and social contributions).

#### *Active labour market measures include*

Special programmes for long-term unemployed or difficult-to-place job seekers, *e.g.* CES (contrat emploi solidarité) and CEC (contrat emploi consolidé).

Special programmes for unemployed young people.

Public labour administration, AFPA and local youth organisations are responsible for organisation and execution of several training programmes.

A central challenge for labour market policy is decreasing unemployment, especially among young people, and reducing regional labour market distinctions.

In general, there are initiatives to strengthen regional roles in regulating employment such as the directions régionales du travail, de l'emploi et de la formation professionnelle, DRTEFP which play a decisive role in the co-ordination of employment incentives or regional integration programmes.

#### *Training and qualification*

High investments in job placement activities, vocational training, qualification measures and job creation.

#### *Worker coverage*

In 2004 the government set up a central authority to address discrimination (Dufour, 2005).

In April 2004 the social partners signed an agreement aimed at reducing gender disparities in terms of recruitment, pay and career development. This initiative has been integrated in company level agreements (Dufour, 2005).

### 2.1.9 Greece

#### *Wage formation*

The National General Collective Agreement, negotiated by the social partners, remains the basic wage negotiation, which provides a guide for the sectoral and occupational agreements. It determines the lowest pay for workers and employees and 'institutional' regulations concerning the salary earners of the private sector. The national agreement for 2006-2007 was signed last month, providing pay increases slightly over the predictions for inflation. The National General Agreement for 2004 and 2005 had offered pay increases significantly over the prediction for inflation, in an attempt to reduce the gap between the lowest and average pay, and reduce poverty. In the last round of negotiations, the employers side presented the argument that the general agreement for all salary earners has a negative effect on the fight against unemployment.

#### *Working time/time use*

An important new law on maximum working time arrangements was adopted in 2005. The changes introduced by law 3385/2005 are the following:

- change in the regulation for overtime: Five hours of extra work per week may be performed at the employer's discretion at a rate increased by 25 *per cent*, instead of 50 *per cent* in force until now. These extra hours of work are not considered to be overtime. Overtime which exceeds 45 hours are paid 50 *per cent* more until 120 hours per year, and 75 *per cent* more beyond 120 hours (75 *per cent* was the rate for overtime pay for these time periods until now). The rate for illegal overtime exceeding maximum working hours (48 hours a week), is now 100 *per cent*, instead of 150 *per cent*;
- flexible working time arrangements covering either a four-month or yearly basis are now possible (two hours per day without extra pay, compensated in the form of days off or reduced working time). In case of unsuccessful consultation between the employer and the employees, a Working Time Arrangements Committee, where the employees are a minority, makes the decision.

A new legislative framework for shop opening hours was passed in 2005. According to the new law, opening time can be set any time after 05:00; closing time is set at 21:00 on all weekdays and 20:00 on Saturdays.

#### *Employment protection/security*

There are provisions in force concerning collective redundancies, which are defined as dismissals carried out by companies employing more than twenty workers. The limits set for any month of the year are:

- four employees in establishments employing between twenty and two hundred people;

- 2-3 *per cent* in establishments employing more than two hundred people (the precise percentage is set every calendar year by the Minister of Labour);
- in the case of collective redundancies, there is a period of time for consultation between workers and employer and if no agreement is reached by the two parties, the decision is made by the Prefect or the Minister of Labour.

Dismissed employees receive a compensation amounting to one month of pay if they are employed for 1 year, increasing until 24 months of pay if they are employed 28 years or more. For blue-collar workers the compensation is five days of pay after one year rising to 105 days for twenty years or more. All employees dismissed receive about the same allowance for a period not exceeding twelve months.

The application of the legislation concerning employment protection is influenced by the dimension of undeclared work. According to existing estimations, the informal economy, of which undeclared work is a central aspect, represents 25 to 40 *per cent* of the official GDP. Estimations of the Panhellenic Federation of Social Policy Organisations Staff say that the level of social security contribution evasion is the equivalent of 15 to 20 *per cent* of the total income of most social insurance funds and 30 *per cent* in the case of the Social Security Foundation (IKA), which concerns the majority of workers in the private sector.

### 2.1.10 Hungary

#### *General principles of regulation and means of regulation*

Labour laws permit collective bargaining at the enterprise and industry levels. The most important source of labour legislation is the new Labour Code (LC) adopted by the freely elected Parliament in 1992 and was amended in 1999. It greatly contributed to the completion of the cumulative institutional changes in labour relations and laid down the legal framework for its key institutions. Some points in the Code are (Makó & Simonyi, 1997: 228):

- it legitimates the national level institution of interest conciliation, called the *National Interest Reconciliation Council (NIRC)*, which was established in 1988;
- it regulates the conditions of *collective bargaining and labour disputes* (*Strike Act, 1989*);
- it lays down the *rights and conditions of union activities in the firms*;
- it establishes the institutions of employee participation, called *works councils* and describes the conditions of their creation and their functions.

Due to the very strong power of the National Interest Reconciliation Council (NIRC) as a tripartite institution consisting of representatives of the government, the employers and the trade unions, it is worth summarising its *functions, structure and main activities* (Héthy, 2000: 23-25 & 140-141):

- the NIRC functioned almost unchanged (*e.g.* composition of participants, organisational framework and regulation) from 1988 until 1999, when it was replaced, at the initiative of the second conservative government, by two new institutions: the *National Labour Council* (in Hungarian: Országos Munkaügyi Tanács-OMT) and the *Economic Council* (in

Hungarian: Gazdasági Tanács-GT). The new socialist government abolished these two institutions and re-established the NIRC with the same rights;

- the NIRC is made up of a forum of representatives from employers, employees and the government. On the employees' side, six national trade union confederations participated - four represent the employees of the business or competitive sector and two represent the employees of public services. In the employers' negotiating group, nine national employers' associations are present - all of them representing the employers of the business sector;
- the NIRC regulation function is mainly limited to the business sector, which is a new development. (Nevertheless, the two public service trade union confederations still maintain their membership in the employees' negotiating group of the NIRC.) The NIRC deals with those general and fundamental economic, social and labour issues which concern employees and employers (e.g. carry out negotiations and conclude agreements in such labour issues as the 'national statutory minimum wage in the period 1989-1999, recommendations for the annual growth of gross earnings in the business sector in the period of 1992-1999, consultations on economic, social and labour draft legislation, including that on the annual state budget, taxation, employment, labour relations, etc. - these were the so-called 'pre-legislative consultations');
- the social partners in the NIRC have the right to be informed, to be consulted and - in some exceptional cases - to consent e.g. in the case of setting the national statutory minimum wage, daily working hours, public holidays, etc.).

The Hungarian Labour Code establishes two different institutions for employees' *participation* and for employees' *representation*: Collective bargaining and agreements, which require the involvement of both trade unions and enterprise management, is the institution of workers' representation, while employees' participation is assured by the establishment of works councils which can operate independently of the trade unions and which can be created in enterprises with more than fifty employees.<sup>1</sup>

Works councils are elected at the workplace level, their size ranges from three to thirteen, depending on the total number of employees working at the workplace. The works councils have the right to give their opinion on several issues, such as dismissal affecting a large number of employees, reorganisation of the enterprise, privatisation, modernisation, relevant human resource management issues, training and competence development, regulation of leave, implementation of new organisational practices, internal regulations affecting the employees' interests, system of financial rewards, etc. The works councils have the right to be informed on relevant issues concerning the economic situation of the employer (every sixth months at least), on significant modifications of the enterprise's activity, on proposals concerning the main investments, on wages and other characteristics of employment (utilisation of manpower, working conditions, etc.) In the case of strikes, work councils have to be neutral; they have no right to organise, to participate in, or to influence strikes.<sup>2</sup> If a managerial decision is not previously consulted with the works council, it is invalid by law and the works councils have the right to go to court.

<sup>1</sup> 'and public servants' councils with more than 15 employees (...) in institutions with more than 15 employees.' Héthy ib. id. p. 21.

<sup>2</sup> If a member of the works councils participate in a strike, his/her membership in the works council has to be suspended.

Generally, works councils have a wide range of rights, but these are mainly consultative, none of them endow the works councils with co-determination rights.

### *Collective bargaining*

The general pattern of collective bargaining in the Hungarian Labour Relations System (LRS) is characterised by the *predominance of enterprise (micro) level bargaining* while the *role of the branch/industry level bargaining is extremely weak*. A new development is the newly formed sectoral committees of social dialogue (SDC). A typical characteristic of interest reconciliation in Hungary is that it is well-regulated and developed at the national and corporate level, whereas mid-level and sectoral agreements are almost non-existent. Joining the EU exerted an important influence on the (then) Ministry of Economics to set up a sectoral level of interest reconciliation in 2000. In 2001, a project was launched with the support of PHARE to build up the necessary institutional structure. As part of the project, the National Labour Council set up an operative committee (today's Sectoral Committee) which designated the set of sectors to participate in the future mid-level interest reconciliations. Danish experts participated in the project as partners from the Eur. Union. An important part of the project was that in 2003, the parties in the National Interest Reconciliation Committee signed a general agreement concerning the principles of the establishment of sectoral dialogue committees and their operation. A tripartite organisation was created under the name 'the Council of Sectoral Dialogue Committees' so that the social partners might also be able to participate in decisions concerning them. (Lux, 2004; Bérczes, 2004) The sectoral level of social dialogue is still not regulated for the long term and it is not clear what relation the mid-level labour relations will have with the national interest reconciliation. Two vital questions of regulation these days concern sectoral classification and specifying representativeness. A determination of whether an organisation can participate in interest representation is legally assigned by an independent body of experts (the so-called 'Committee for Deciding Participation') appointed from the members of the Labour Mediation and Arbitration Service. The specification of representation is decided based on a scale of 100 criteria with varying levels of importance (Várkonyi, 2004). Given that these committees were finally established only half a year ago, so it is not yet possible to evaluate their importance in the Hungarian Labour Relations System. However, they may contribute to achieving more stability in the negotiations between the parties involved in regulating work.

Currently, one collective agreement may be concluded at enterprise level and only representative unions have the right to bargain. It is interesting to note that, trade unions and works councils have no direct relationship; the representativeness of the trade unions is measured by their results reached in the elections of works councils. 'At enterprise level, unions qualify as being representative if they achieve a minimum of 10 *per cent* of the votes at the works council election. However, a minimum of 50 *per cent* of the votes is needed for the trade union to sign a collective agreement. With less support on the part of the workers, the trade union can bargain, but may not conclude a collective contract on its own. In this case, the draft agreement has to be presented to and voted on by the workers. In the presence of more than one representative union, a union may conclude a collective

agreement if its support amongst the workers is above 65 *per cent*.<sup>3</sup> Although several initiatives have been undertaken in order to increase the intensity of enterprise level collective bargaining and the number of collective agreements at enterprise level, the estimated rate of collective agreements covered only 30-35 *per cent* of enterprises, while the coverage rate of employees was approximately 30-40 *per cent* in 2000.<sup>4</sup>

Looking at various aspects of collective bargaining practices (*e.g.* general coverage rates, industry/branch level, sector level and the size of the business organisations, *etc.*), the following trends are visible:

- only a minority of employees are covered by collective agreements (less than every four out of ten employees). (The so-called 'unadjusted collective bargaining coverage' was 36.2 *per cent* in 2000 and 33.8 *per cent* in 2001.);
- secondly, a sharp decrease was registered in industry and branch level collective (wage) agreements in the business sector (*e.g.* more than 40 *per cent* of the employees were covered by such type of collective agreements in 1992 as compared to only 11.5 *per cent* in 2000);
- thirdly, there were significant differences among sectors;
- fourthly, the size of an organisation is a significant factor: the larger the organisation, the higher the coverage rate of the collective agreements.

### 2.1.11 Italy

The Italian system is based on sector level collective bargaining agreements which are widespread and cover employees up to the managerial level. There is, however, only a 30 *per cent* proportion of the workforce in trade unions.

#### *Wage formation and working time*

Last January a collective agreement was reached for the 1.5 million of workers in the metalworking sector. It contained a 6 *per cent* average increase of pay, rules about apprenticeship, and for the first time, general rules for work flexibility in the sector.

In December 2005 an agreement was reached for the 120,000 workers of the telecommunications sector. This agreement incorporated call-center workers and contained new rules for outsourcing and subcontracting, new job profiles, agreements on training and working time.

Important agreements were also reached in the banking sector (320,000), the food and beverage sector (300,000), the school and public sector workers and the rail workers.

An agreement to prevent relocation was reached at Siemens of Italy, in January 2005. It contains the possibility for work on Sunday, wage increases, reduction of weekly working hours and new recruitment.

Another important development is the new collective agreement for industrial managers, signed in September 2004. It defined a pay system comprising a minimum guaran-

<sup>3</sup> Héthy, *ib. id.*, p. 21.

<sup>4</sup> Héthy, *ib. id.*, p. 22.

teed salary, but future increases in actual salaries will no longer be determined by collective bargaining. The salary of managers will be exclusively set by individual bargaining.

Unless otherwise agreed upon in a collective bargaining agreement, maximum permissible overtime hours industrial sector firms may not exceed 250 hours per year.

### *Employment protection*

Temporary structural labour shortages are dealt with through the Wages Guarantee Fund. There is a payment of an allowance to the workers, after the employer has applied for intervention by the Fund, until the period of suspension of work is over.

In the case of collective redundancies by enterprises with more than fifteen employees, which intend to fire at least five employees within a period of 120 days from the same production unit, the company must first communicate this intention to the trade union (of the company or the sector). In fact, dismissals must be communicated and justified in writing. The discussion between the company and the workers representatives lead to the selection of the workers to be dismissed according to particular criteria. If a court decided the grounds for dismissal of a worker are spurious, it an order compensation for the worker or even reinstatement. Those finally dismissed are enrolled on an availability list, whose role is to facilitate the re-employment of the workers through special retraining programs organised by the employment agencies.

Temporarily dismissed workers receive 80 *per cent* of their last pay for a maximum of one year and in extraordinary cases for 24 to 36 months over five years. The availability allowance amounts to 100 *per cent* of the temporary allowance for the first 12 months and 80 *per cent* thereafter. It is paid for a period of 12 months, rising to 24 months for workers aged between 40 and 50, and to 36 months for workers aged over 50.

In the southern regions of the country with high unemployment rates and in other areas designated by the authorities, workers may continue to receive the availability allowance until they are entitled to a pension.

The size of the informal economy and undeclared work has an important influence on the protection of employment. For Italy it is estimated that the level of undeclared work corresponds to 18.6 *per cent* of all employed people. Around a third of these irregular jobs were found in dependent employment and two thirds in self employment. The percentages vary greatly between sector, from 10.6 *per cent* in the mechanical engineering sector, to 23.6 *per cent* in the construction and 39.7 in the domestic services.

#### **2.1.12 Portugal**

Since 2001, economic growth in Portugal has been below the EU average level. Investment has fallen dramatically and unemployment has increased by more than 50 *per cent*. Also long-term unemployment has increased considerably (Lima & Naumann, 2005).

Portugal derives an important part of its competitiveness from low costs rather than from high productivity. This makes Portugal more vulnerable than others to salary increases and to trade liberalisation with countries competing on a low cost basis (Commission of the European Communities, 2003: 18).

There is a Standing Commission for Social Dialogue (SCSD) which meets at the end of each quarter to analyse the evolution of income, the economy's progress, conditions of

company activities, and the dynamics of collective bargaining. It also monitors and evaluates the implementation of NAPs and the involvement of social partners (Moniz, 2002; <http://www.ces.pt>).

In principal the involvement of social partners plays a decisive role in Portuguese Labour Market policy (Moniz, 2002). However, during the year 2004 the Ministry of Labour registered a dramatic fall in collective bargaining. Trade unions and employer's confederations speak of a crisis in collective bargaining. The reasons are twofold: (1) the economic crisis that limits employer's margin for wage increases; (2) the new Labour Code, which establishes that collective agreements will expire if one of the signatories refuses to renew them. Lima and Naumann argue that a considerable number of employers' associations are therefore strongly interested in abolishing existing agreements and in order to achieve this aim they have stopped the collective bargaining process (Lima & Naumann, 2005). At the beginning of 2005, after the collapse of the number of collective agreements in 2004, the confederations represented in the Standing Committee for Social Concertation signed a bilateral agreement to deal with the situation. As a result the number of signed agreements increased in 2005. Furthermore the number of employees covered grew from 600,000 to one million employees. Despite that the number of workers covered by renewed agreements remains at a level below the average of previous years. The majority of delayed negotiations are in the manufacturing sector (Lima & Naumann, 2006b).

Since 2000, the Portuguese trade union confederations CGTP (Confederação Geral dos Trabalhadores Portuguese-General Confederation of Portuguese Workers) and UGT (União Geral de Trabalhadores-General Workers' Union) are rationalising and restructuring their organisations (e.g. reducing the number of member unions, financial restructuring). On the other hand, two Portuguese trade organisations, the AEP (Associação Empresarial de Portugal-Portuguese Business Association) and the AIP (Associação Industrial Portuguesa-Portuguese Industrial Association), made further attempts to gain more influence within the institutionalised process of social dialogue (Lima/Naumann 2005).

### *Wage formation*

Portugal is one of the eighteen countries of the EU which have a national minimum wage. The amount fixed for 2004 was 365.60 Euro per month. The increase in the minimum wage in 2004 was *2.5 per cent*, so that the increase in minimum wage lagged behind average increases agreed upon in collective agreements and behind average increases of minimum wages of *6.2 per cent* (Carley, 2005a). In 2004 the overall percentage of employees in Portugal who receive only the minimum wage was fairly small: *5.5 per cent* (men *4.0 per cent*; women *7.5 per cent*). In 2004 the minimum wage in Portugal represented *40.7 per cent* of average earnings in the industry and service sectors (EMIRE-Glossary; Regnard, 2005).

In Portugal the government sets the national minimum wage rate. The minimum wage fixing occurs by collective agreements. Since 1980 an Inter-ministerial Working Party has carried out the annual evaluation of the socio-economic repercussions of a revision of the minimum wage. The report of the working party is submitted for evaluation by the standing committee for Social Consultation of the Economic and Social Council/Comissão

Permanente de Concertação Social do Conselho Económico e Social (ILO-Minimum Wages Database).

#### *Time use*

In Portugal the average normal weekly working time in 2004 for full-time workers as set by collective bargaining, across the whole economy, was 38.4 hours. Portugal has set the maximum weekly hours at 40 hours. However, weekly hours may be increased by agreement, if the maximum is maintained on average over a reference period. The statutory maximum working day in Portugal is 8 hours. However, daily hours may be increased to 13 under hours-averaging schemes.

How many hours do workers actually work in a given week in Portugal (including overtime)? In 2003, a Portuguese full-time employee usually worked 40.1 hours per week. Men's average usual full-time hours are longer than women's. In 2003, part-time employees usually worked 20.3 hours per week. The average collectively agreed annual paid leave in 2004 was 24.5 days. Statutory minimum annual paid leave was 22 days (Carley, 2005b).

#### *Active labour market policy*

In general the Ministry of Labour and Social Solidarity is responsible for national labour policy (Moniz, 2002). Active labour market measures in Portugal aim at supporting unemployed persons. At present labour market measures are oriented on improving qualification and training, because unemployment in Portugal is mainly a result of lacking or inadequate education and vocational training (Moniz, 2002):

- active labour market programmes support employment creation, qualification measures, social development and gender equality. Employment creation occurs with the assistance of institutions and enterprises which provide permanent or full time jobs. Employment creation is funded by state subsidies. Salaries of the new jobs have to correspond with the national minimum wage. The social partners are involved in the execution of the national employment programmes (Moniz, 2002);
- regulation of labour market policies in Portugal is carried out by means of National Action Plans on Employment (NAP). The NAP sets the national strategic objectives for employment policy (Moniz, 2002);
- development of exemplary measures for labour market integration/development of active instruments and measures for labour market integration of deprived social groups;
- promotion of business start-ups (in particular SMEs);
- employment incentives/employment creation in new fields of employment.

Other initiatives exist at the regional and local levels. For instance, regional employment plans and employment pacts are adopted to implement the objectives of the National Action Plans. It is at this level that NAPs are monitored, also with the participation of social partners.

### *Qualification and training*

Many aspects of labour policy are targeted at the educational and training system. For instance, modernising the educational system, developing professional vocational training in co-operation with the economy, reorienting and intensifying vocational training and retraining. The IEFP-Instituto do Emprego e Formação Profissional (Employment and Vocational Training Institute) is a public body under the auspices of the Ministry of Labour and Social Solidarity. It is responsible for executing the employment and vocational training policies defined and approved by the government. The social partners are represented in IEFP. IEFP incorporates 86 job centres (<http://www.iefp.pt>).

In February 2006, the Portuguese union and employer confederations concluded a bipartite agreement on vocational and educational training (VET). The agreement aims to include VET as a priority in collective bargaining, to strengthen the social partners' position in all relevant bodies concerning VET and to create new tools to support and monitor VET (Lima & Neumann 2006a).

### **2.1.13 United Kingdom**

The UK, which had a union density rate of 39 *per cent* in 1990, has seen it drop to about 30 *per cent* by 2002. A large share (nearly half) of the union members are employed in the public sector and nearly half are women. Although union density is in fact higher than in Germany, the levels of bargaining coverage are much lower (about 30 *per cent*). Extension provisions for collective agreements were abolished in the 1980s and multi-employer bargaining continues to decline. The UK has the lowest level of centralisation of wage bargaining in the EU. The high level of decentralisation is due to the absence of national and sector level bargaining and union fragmentation. Collective agreements are largely at the plant or company level. The Employment Relations Act of 1999 has given obligatory recognition to unions. However, agreements between employers and unions are voluntary, except in rare cases when a central arbitration committee may impose a legally binding procedure for bargaining about pay, hours, and holidays. In classification systems, the UK is generally characterised as market-led, liberal, or voluntaristic. Its characteristics are the lack of a strong central organisation for co-ordination of interests. Collective agreements are negotiated at company level. There is a minimalist legal framework and many rights derive from EU directives.

#### *Wages*

There is a statutory regulation for minimum wages set at the national level.

#### *Working time*

Weekly working time is normally 40 hours. However, individuals may work in excess of 48 hours a week.

The UK has a relatively low share of temporary employment compared to other EU countries, but a relatively high share of persons working less than 30 hours a week, the great majority of these being women.

*Employment protection*

Statutory rights for forms of employee representation in enterprises do not exist in the UK, with the exception of specific rights of information or consultation in the case of collective dismissals as provided by EU law. The ability of employee representatives to influence restructuring varies considerably between firms.

Although a low level of regulation and protection exists, there are new developments for getting legislation to deal with gender and age discrimination. Also the government recently passed a bill to improve work-family balance. These include longer paid maternity leave, paid paternity leave for fathers if the mother returns to work before the end of her maternity leave period, and a new right for carers to request flexible working. Unions have pushed for these developments, but their success depends on government initiative and the ultimate support of employers.

### 3 Summary: trends and principles

The trends and principles summarised by the WORKS 'Policy pillar' members function as a guideline for the case study researchers in the various countries to be sensitised to certain developments and structures in the different countries. Also it gives WORKS researchers the opportunity to see how different policy and regulation are organised in other institutional contexts and to look for signs if policy and regulation in their cases are moving in new directions. For example, in the more 'co-ordinated systems', various trends are apparent that are targeted at the level of the workplace and worker protection. Many of the systems in which organised institutions and procedures exist are engaging in active labour market policies to improve employment levels and get disadvantaged groups in the labour market. In more solidary systems, there is an attempt to improve protection for precarious workers. Many collective agreements are striving for stricter consultation measures on collective dismissals. Another trend is toward achieving flexibility in wage/time agreements for employees that are beneficial for employees and not just for the firm. In contrast, in what can be characterised as 'loose' systems, several trends are geared to gaining an organised footing on which to engage in negotiations at all. Thus the trends point to a dependence on EU or national law to enforce rules and induce bargaining which firms otherwise do not enjoy. There is also a use of tripartite commissions which States use for labour and labour market regulation; since bipartite negotiations are not occurring, there is an attempt to start dialogue in non-binding arenas.

With regard to the particular topics that will be investigated in detail in the WORKS case studies, there was a great variety in the contract types, time use, worker protection, and inter-company contexts found in the various country reports. Contract types include: regular, part-time, temporary, seasonal, as well as the 'informal' economy in Southern Europe and the new member states. There was also evidence of a wide range of regulation structures for the different worker types across the countries. Time use can be: standarised, individualised, or 'multiple-choice'. There are a broad range of work-life balance provisions, flexible regulations, and 'soft' regulations (*i.e.* easy to bypass). The countries varied with regard to the level of regulation of time use, the amount of autonomy employees have in regulating their working time, the level of compliance to the regulations by companies. On security and restructuring issues, the measures ranged from pre-emptive provisions, consultation rights, dismissal hurdles, post-dismissal provisions (such as pay, training, job placement), and retraining provisions. Even given EU regulation on this issue, the level of action, its effectiveness, and its compliance varies between and within countries. Finally, there is the issue of inter-company contexts. Given restructuring as it is occurring in all of the countries and the sectors under investigation, an increase in links between organisations, especially for institutionalised interest representation, would seem extremely important. There are signs for some actions: Consultation between collective organisations, even beyond Europe (such as the clean clothes campaign in the textile industry), concerted actions at the European level in a labour dispute

(for instance in the brewery industry), and resolutions made through European works councils. However, it seems these initiatives are still rare and it is unclear exactly what effects are being felt at the level of the workplace.

## 4 Sector comparison

The policy pillar summarised some general trends and principles in policy and institution frameworks in the sectors that will be the areas for research in the case studies. These sectors are: food, clothing/textiles, IT (R&D, standard software development, services for the public sector), public sector services, services of general interest (post and rail). Unfortunately it was not possible to collect specific information for all of the countries for a variety of reasons: sector level information is difficult to find, especially in countries in which institutional coverage and regulation is generally low and agreements are made at the company level; the sector in the country plays only a marginal role; the sector in the country is extremely diverse.

In the sector descriptions below, an attempt is made to summarise the restructuring processes that are taking place in each sector, and country data on the sector or some trends in policy.

### 4.1 Food

In the food sector the general trends of restructuring are toward conglomeration, mergers and takeovers. This means that some of the main challenges for the food industry for policy may include dismissals through rationalisation, and regulation and rule making that is being decided in centralised headquarters outside of the national context. Food is also an extremely diverse sector, which can include hotels, restaurants, fast food, dairy processing, food manufacturing, and beverages. This provides a number of challenges for union representation and regulation. There are some attempts to integrate union activities in more European and international contexts. For instance, there has been evidence of support to prevent takeovers of small local breweries through solidarity funds or solidarity strikes. EFFAT, the European Federation of unions for food, agriculture and tourism try to co-ordinate such initiatives. As with many of such Europe wide actions, they are the exception rather than the rule and it is unclear how much co-ordinated action is recognised or registered at the level of the workplace and the worker.

#### *The countries*

In Sweden the institutions involved in regulating work are the social partners in the commerce sector (the Swedish Federation of Trade) and the Commercial Workers Union.

In Germany the food sector has its own union, the NGG (Nahrung-Genuss-Gaststätten). It is a very diverse sector since it includes gastronomy, hotels, catering as well as food and drink production. This translates into about 2,400 collective agreements that are made in the negotiation rounds. The food sector has been one of the first sectors to eliminate the differentiation between worker and employee in the classification system for

wage grading and workplace organisation. In 2006 a targeted theme for the union are intelligent working models such as time sovereignty, planning work, work-family balance and influence of the individual on determining working time. Another new topic for the NGG is the globalisation of the branches, for instance breweries. According to a study from 2004, international companies control about 55 *per cent* of the brewery market in Europe. In a few years, it is estimated that 4 companies will control half of the German brewery market. This has consequences for work relations and conditions which will be increasingly decided at the international level, rather than at the local and national level as up to now.

In Greece, the food sector's wages are determined by collective agreement for this sector. However, small enterprises generally do not abide by the collective agreement. In this case, minimum wage as set by national level agreement is paid. Enterprises generally adhere to the laws on working time. In this sector, some enterprises make use of seasonal labour, which may only last up to two months. These workers receive no unemployment compensation. For some categories of temporary workers, such as technicians, whose working time might last up to five months, unemployment benefits are given for a period of 5 months. In the food industry, unlike other sectors in Greece, there is no undeclared work because of the introduction of quality control systems in the enterprises. Training is the responsibility of public authorities and not the companies and is not a topic in collective agreements. There is little regulation on the levels of skills and qualifications required in this sector.

In Portugal employment rose slightly in the food sector from 83,473 persons in 1998 to 86,644 in 2002. The number of establishments in the food industry also rose from 54,02 to 6,527 in the same time period. Wages increased in the food industry from an average of 508 Euro per month to 620 Euro per month. Wages, however, are lower than average wages across all sectors. Average working time has remained stable at 39.2 average hours per week. However, average weekly overtime has increased from 4.3 to 4.8 hours.

In France the number of companies in the food industry increased slightly from 2000 to 2003 from 67,847 to 68,564. The number of employees in the same period also increased from 633,726 to 653,244 although there had been a decrease in numbers employed between 2002 and 2003. The number of part-time employees has continually increased and was 108,512 in 2003. Wages in the food industry have grown slightly from 22,100 Euro in 2000 to 24,100 Euro in 2003.

## 4.2 Clothing/textiles

The main trends in restructuring in the textile sector are an outsourcing of production away from Europe to low cost countries which is either well underway or already completed except for high level design functions or highly specialised niche production. For policy, the issues associated with such developments are dismissal, retraining and replacement, undeclared work in the poorer countries and an international dimension to regulation and monitoring beyond national borders.

### *The countries*

*Norway* has a relatively small local textiles and clothing industry which employs about 6,500 persons. On 1 January 2005, in accordance with the World Trade Organisation's Agreement on Textiles and Clothing, the Multifibre Agreement (MFA) ended. The system of quotas which had governed world trade in textiles and clothing was eliminated ahead of schedule in Norway in 2001. (Nordås 2005)

In *Greece* there is a long tradition of undeclared work in the clothing sector. The recent changes due to upgrading of product quality and the opening of a vast market of cheap labour in the Balkans have offered the possibility for company strategies which combine these two developments. Some enterprises have adopted variations of these two new possibilities. However, the significance of undeclared work and migrant work in particular, have maintained a subsector of traditional activities, despite the fact that employment in the sector as a whole has been reduced by a third during the past 5 years.

There are few public policies geared toward an upgrading of skills which might take advantage of marketing upgrading of product quality, especially for R&D and design, counseling for PME's, international cooperation and marketing and specific employment policies at a regional or territorial level. Demand for changes in these fields continue to be addressed to the state and are not issues discussed or negotiated by the social partners in that sector.

In *France* although the number of enterprises in the clothing and textile sector has remained stable in the period between 2000 and 2003, the number of employees has decreased dramatically, from 226,800 to 188,079 for full-time workers and also decreased for part-time workers from 27,400 to 22,700. Wages have increased moderately, but are still quite low (about 24,000 Euro annual) and comparable to annual average wage in the food sector.

In *Portugal* the number of establishments has grown between 1998 and 2002 from 9081 to 9319. However, there has been a large drop of employment in the sector from 233,210 persons to 193,606. Recent developments in the textile sector in Portugal include:

- labour productivity rose substantially; value added remained quite stable (Commission of the European Communities, 2003: 6);
- Portugal is highly dependent upon the textile sector in terms of its employment share (Commission of the European Communities, 2003: 14);
- Portugal can be considered as more specialised in textiles and clothing than other EU countries. The share of T/C value added of total manufacturing value added is higher than the aggregate EU figure of 4 *per cent* (Commission of the European Communities, 2003: 14);
- Portugal has invested a high share of its value added since 1995 in the T/C sector; more than 15 *per cent* of value added being in the purchase of equipment (Commission of the European Communities, 2003: 4 & 21). Despite its dynamic investment strategy, Portugal retains a low level of investment per person employed, as a result of its industries still being dominated by labour intensive production (Commission of the European Communities, 2003: 22);
- Portugal has a relatively low salary level, and thus enterprises in the Portuguese T/C industry have had few incentives to move from a labour intensive mode of production toward productivity enhancing investments (Commission of the European Communi-

ties, 2003: 18). Thus Portugal derives an important part of its competitiveness position from lower costs rather than from higher productivity. This makes Portugal more vulnerable than others to salary increases and to trade liberalisation with countries competing on a low cost basis (Commission of the European Communities, 2003: 18).

Wages increased between 1998 and 2002 in the textile industry. Nonetheless, average wages (468 Euro per month) are below the average wage for all sectors (678 Euro per month).

Normal working hours increased slightly from 39 hours weekly to 39.4 hours between 1998 and 2002.

In *Germany* the textile industry was formerly represented by the union GTB-Gewerkschaft Textile/Bekleidung which is now part of IG Metall. A high degree of displacement has occurred in the textile industry. One issue for the textile industry is adhering to the code of labour practices for the apparel industry. Another is supporting the Clean Clothes Campaign, an attempt to improve working conditions for all textile workers, also those in developing countries. Recognising this campaign basically only occurred after the outsourcing of the textile industry had largely taken place and through the initiative of women who formerly had worked for the GTB union.

### 4.3 Public sector services

In the public sector the type of restructuring that is taking place is an outsourcing of various aspects of administration and also customer interactions either to private IT companies, call centers, private agencies, *etc.* For policy and regulation, it means that part of the potentially organised workforce is removed and dislocated or fragmented. It also means that some services are downgraded. In some areas it also means that special rights or privileges that had been attained by public servants are lost as the services are outsourced to private sectors.

#### *The countries*

In *Austria*, in December 2005, Austria's conservative-populist government announced plans to abolish the permanent tenure of appointment that applies to public employees, and thus their absolute protection against dismissal. The proposals would establish a single category of public employee in the civil service, employed on a private-law basis with uniform service regulations. A draft bill on the issue should be presented early in 2006. Trade unions are strongly opposed, raising questions about the quality of public services.

In *Germany*, the various public sector unions merged into one large union conglomerate, Ver.di, in the 1990s. There are still two different employee types in the public sector: civil servants, who have special employment rights and social benefits, but who are not permitted to strike, and public employees with regular working contracts. In the last round of negotiations, the difference between the categories of worker (blue-collar occupations) and employee (white collar occupations) has been eliminated. Currently, there is a labour conflict ensuing in the public sector because the German states and communes pulled out of the collective bargaining agreements and rounds. Stating severe budget deficits, the government proposed wage cuts, dismissals, extension of working hours, and

cuts in automatic pay bonuses. The unions went on strike against working time extensions. In the communes a small compromise was reached, there are still conflicts at the state level that have not been resolved. In comparison with other EU countries, the public sector does not have a particularly high level of union membership. This affects the overall rate of female labour participation in German institutions.

In *Portugal* the number of units for public administration has increased dramatically between 1998 and 2002 in every area: public administration including defence and social security (from 215 to 615); education (2,830 to 3,790); and health and social services (8,773 to 12,274); and other services (9,690 to 13,683). Accordingly, the number of persons working in the sector increased also.

**Table 4.1** Public administration, information, services for citizens

- Public administration ( <i>Administração pública, defesa e seg. soc. obrigatória</i> )	2,784	14,497
- Education ( <i>educação</i> )	43,221	47,875
- Health, social service ( <i>Saúde e ação social</i> )	79,963	113,703
- Other services	54,296	79,269

Wages in the public sector have increased also, although moderately in the health and social services.

**Table 4.2** Public administration, information, services for citizens

- Public administration ( <i>Administração pública, defesa e seg. soc. Obrigatória</i> )	131,317 (equivalent to 655.01 Euro)	1,055.95
- Education ( <i>educação</i> )	137,909 (equivalent to 687.89 Euro)	805.61
- Health, social service ( <i>Saúde e ação social</i> )	95,217 (equivalent to 474.94 Euro)	581.21
- Other services ( <i>outras serv.</i> )	143,246 (equivalent to 714.51 Euro)	810.95

All average wages in the public sector are higher than the total average wage of 687 Euro, except in health and social services.

For working hours, in the public sector (central civil service) the collectively agreed upon normal weekly hours in 2004 was 35 hours (Carley 2005b). Data from 2002 indicate that there is an average of approximately 4 to 4 1/2 hours of overtime per week in the public sector, the most occurring in health and social services.

In *Hungary* it is expected that a radical transformation is underway for the employment structure and the regulatory environment in the public sector. This is because laws concerning the negotiation process and the collective agreement structure are about to be changed by the government.

## 4.4 IT sector

The IT sector is a central focus in WORKS with three areas of investigation: R&D, software 'production' or development of standard software with a broad-based client orientation, and IT for the public sector. Restructuring in the IT sector can involve the creation of small spin-off R&D centers, cooperating with universities or research institutions, takeovers, outsourcing of software development functions, especially to India and Eastern Europe, and the outsourcing of various aspects of public sector services to specialist IT companies.

### *The countries*

In *Germany* the IT sector is a mixed sector of some large firms, and some small and medium-sized companies, some of which are spin-offs of originally large firms. It is not a highly unionised or regulated sector, for one because the workforce is composed of highly skilled and educated employees who had not commonly been union clientele. Highly skilled employees tend to see their chances for negotiation as strong without requiring collective strategies. The role of works councils varies, sometimes playing an active role, whereas in other companies of this sector, employees vote against having a works council.

In *Sweden* the prolonged crisis in the electrical/telecommunications sector seems to be over, and the same can be said in principle about the information technology (IT) sector. The ICT-sector (telecom) in Sweden was deregulated in the 1990's. Together with the business sector and trade unions, the Government has drawn up strategies for a number of key industries in Sweden; among them is IT/telecommunications. For more on this issue, see <http://www.sweden.gov.se/sb/d/6248/a/62094>.

In *Portugal* the number of establishments in the IT sector has grown between 1998 and 2002 from 864 to 1,736. The number of persons working in the sector has exploded in the same period: from 8,496 to 37,363. Wages in the IT sector have traditionally been quite high: in 1998 the monthly average was about 1,163 Euro and in 2002 it rose to 1,449 Euro. This means that the average monthly wage is over two times more than the average for all sectors (687 Euro). Average weekly working hours have remained stable at about 38.7 hours. However, overtime is increasing, with weekly averages being at 4.6 hours.

## 4.5 Services of general interest - post and rail

These services have undergone immense restructuring in most European countries over the last decade, mainly involving privatisation, mass dismissal, and change of worker status. Current forms of restructuring involve a shift in work activities and some outsourcing of customer services. For example, private outside agencies or stores may take over some of the activities previously carried out by state-owned offices. In this way face-to-face customer services are shifting, the role of customer is shifting, and the use of outsourced call centers is on the rise. All of these changes have consequences for policy and institutions regulating work, such as, a redistribution and fragmentation of the workforce, deskilling, but also perhaps some instances of reskilling, a shift from public sector to private sector work relationships.

### *The countries*

In 1993 the postal monopoly was abolished in *Sweden*. The most important event to affect Posten in the past ten years was the 1994 reorganisation of Posten to a *corporation* owned by the state. Posten is now a stock corporation and therefore complies with the Swedish Companies Act, which provides guidelines concerning the disclosure of information. In Sweden, deregulation of the postal sector was driven by the market actors. Management of the Post Office pushed politicians to reduce their resistance towards deregulation of the postal sector. They wanted independence in order to restructure its business and expand internationally (Andersson 2001). Because of the reduced customer base, Posten could no longer afford to operate the post offices as it had previously. As part of the changes to Swedish postal services, nearly 1,000 'traditional' post offices already have been or will gradually be replaced by a basic post service provided in food stores and petrol stations, and by information technology.

The fundamental regulations for the Post are outlined in the Postal Act. The National Post and Telecom Agency (PTS) is the regulatory agency tasked with ensuring the nation's postal operations function in accordance with parliamentary and governmental stipulations. The terms and conditions of the Post's permit stipulate that it shall undertake the provision of nationwide service and is subject to the articles of the Postal Act and Postal Statutes ([http://www.posten.se/c/eng\\_ap\\_governance?lang=2](http://www.posten.se/c/eng_ap_governance?lang=2)).

Due to intensified competition on the market of postal services, the Management of the Post Office is negotiating present government regulations. More customers are using electronic devices which make demands for a nationwide service hard to achieve and costly. One issue of negotiation is how to provide for nationwide service; the Post's solution is for further regionally outsourcing. Currently this puts personnel at the post offices under greater uncertainty with regard to their work status and benefits.<sup>5</sup>

In *Germany* both the post and rail have been privatised in the course of the 1990s. Along with the privatisation came a number of rationalisation measures for cost savings and personnel reduction which have been massive since the mid-90s. In the last bargaining round for rail, the weekly working time was extended 1 hour to 39 hours. The wage increases were very modest. The new bargaining rounds for the post take place this spring.

In January 2006, the Austrian government agreed to sell off 49 *per cent* of the state's shares in the Austrian Post Company by summer 2006. These privatisation plans have met with harsh criticism from the Union of Post and Telecommunications Employees (GPF) and the parliamentary opposition. They argue that the company is not ready for privatisation and fear further large-scale staff cuts as well as a dilution of postal services across the country. However, protest actions organised by GPF appear unlikely to delay the privatisation process.

In the face of the continuing financial difficulties of *Austrian Federal Railways* (ÖBB), the government announced in November 2005 plans to alter the rail workers' service regulations, which have partially been governed by collective agreement since 2004. The government's aim is to relax the ÖBB employees' current protection against dismissal in

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<sup>5</sup> <http://www.regeringen.se/sb/d/953/a/9614>, <http://hugin.info/134112/R/1044795/171041.pdf>.

order to deal with perceived overstaffing. The Union of Railway Employees (GdE) has threatened strike action in protest against these plans.

In *Portugal* the number of establishments for post services which includes telecommunications, has increased from 969 to 1,107 between 1998 and 2002. However, the number of employees has decreased from 38,712 to 37,363 in the same period. Considering the inclusion of the telecommunications in this category, it seems likely that losses in the post sector were offset by increases in telecommunications. Wages are relatively high in this sector, going from an average monthly wage of 916 Euro in 1998 to 1,145 Euro in 2002. This is nearly twice as much as the average wage for all sectors. Working time has dropped slightly from 38.7 to 38.2 hours per week, and overtime has dropped also from 3.2 to 2.7, making it the sector with the lowest average amount of overtime.

## 4.6 Summary sectors

The sectors in the different countries have different weights in the role they play in the economy, by whom the work is being carried out, in what context, and the extent to which restructuring is occurring. Textiles have undergone a major restructuring process in the wealthier EU states, and seems to be playing a decreasing role even in those poorer countries where it still employs significant numbers of the workforce. IT as a sector is growing in every country in WORKS. The public sector and food have a special role because they tend to maintain a local place in economies, but how they are organised and their restructuring processes are bound to be quite different. In almost every country, the post and rail are being privatised. Again the comparison is an interesting one for what effects there are on the workforce and quality of worklife and therefore a central one for policy considerations.

## 5 Conclusion/questions and analytical framework

This report began with a discussion of different levels of regulating policy and the role that different levels can play in policy outcomes. In fact one of the main contributions of WORKS is making visible and explaining exactly what effect policy and institutionalised processes have at the level of work and on the quality of worklife. Policy is often studied in a way that is decoupled from realities at the level of work and the worker. The units of analysis for the case studies in WORKS are the workplace context and the individual. Thus, policy is seen in very concrete outcomes. Here one of the goals is to answer the questions:

- Are policies and regulations having the effects that were intended?
  - Are the regulations and agreements relevant for workers' needs?
  - Do the effects of regulation differ by employee type? Such as gender, age, ethnic group, worker status?
  - How broad is compliance with existing regulations or policies? What accounts for it?
- Do institutional arrangements support particular organisational strategies or particular trajectories?
  - Does this hold across all sectors, in all company types and for all workers?
- Are existing institutions able to represent employee interests and protect quality of worklife vis-à-vis firm strategy?

Generally, one of the assumptions here is that there will be differences in institutional resources and restrictions that affect the possible responses to organisational restructuring in a global knowledge society. This leads to a further set of questions on the effectiveness or strategy of policy in given institutional contexts:

- How and under what conditions do existing policies and institutional arrangements impact on firm strategies for restructuring?
- What are the relevant regulatory constraints? In what ways are these bypassed?
- In what way do labour strategies depend on the broader policy environment (training facilities, social security provisions, flexicurity legislation, etc.)?

To make answering these questions all the more difficult for the policy pillar when analysing the case study reports in phases 2 and 3 of the project, however, it should be recognised that 'quality of worklife' has to be understood in a variety of dimensions. There is an objective aspect that can be reflected in actual laws and practices for such issues as closing contract agreements, job protection, opportunities for skilling and further training, having regulated working hours. There is, however, also a subjective dimension which compares the past with the present, such as the current social climate, or the economic situation. In this case, the individual may have a negative assessment of labour market chances, development opportunities, or security although objective regulation presents a different picture. The subjective dimension is by no means irrational. It may reflect that

regulation is not functioning as it was meant to and this should be looked into more carefully. Finally, there is for Europe certainly a relational dimension in looking at policy. Countries with currently very low levels of regulation look hopefully across their borders to systems with more institutional co-ordination, which might in fact see themselves as getting increasingly deregulated. There are a number of questions relating to policy and institutions that have been operationalised in the WORKS interview questionnaire (see the handbook and report of the 'Qualitative pillar'). These aspects as well as the larger issues mentioned above will have to be considered in the analysis and synthesis process.

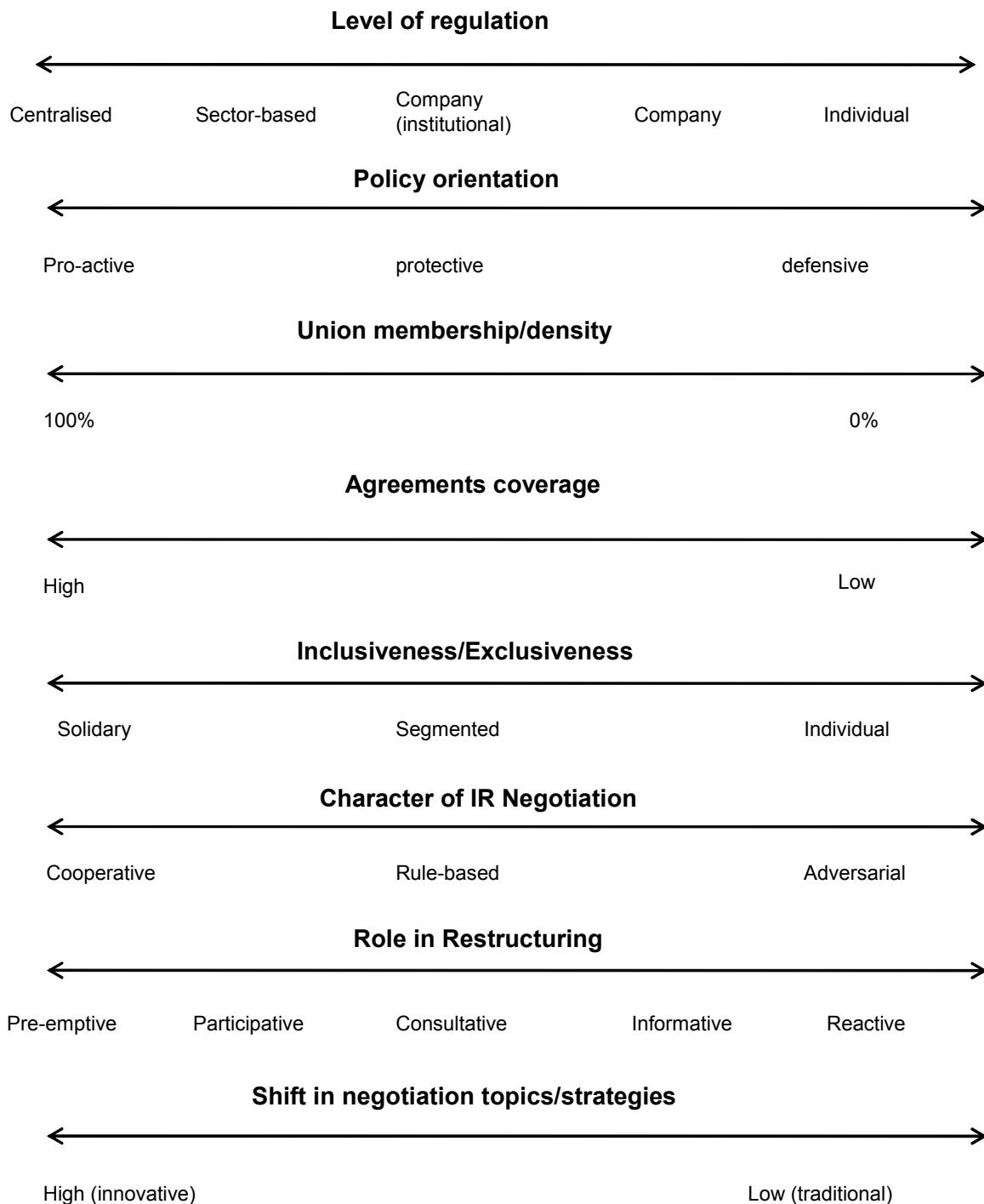
### Mapping institutional contexts

Previously we pointed out that institutional frameworks are often understood in terms of types or the paths of regulation that they represent. Of course, in a study comparing thirteen countries, we want to be able to identify differences and to find out how much variation can be explained in the institutional and policy environment in which organisations are embedded. We can typologise countries in different production regimes: social democratic, corporatist-conservative, or liberal. We can identify different paths of regulation: solidary, segmented, individual, and then attempt to fit the countries along a particular path. The problem is to capture the dynamic changes that are currently underway through globalisation and the restructuring of work and to recognise the uniqueness within countries. A most important consideration is whether or not differences can only be grasped as national, without taking sector or company size or other possible parameters into account that could reveal regulatory variety.

Figure 5.1 is a mapping outline that sketches a number of different dimensions along poles with two extremes. The dimensions listed are: level of regulation, policy orientation, union density, agreements coverage, inclusiveness/exclusiveness, character of industrial relations negotiations, role in restructuring, adaptation in negotiation topics/strategies. Other dimensions that capture for instance, the diversity of solutions, or the orientation to individual needs can be added. Other dimension maps on factors such as provisions for training and skill which take place at either national or company levels, are the responsible of the employer or the individual, *etc.* can be made.

Filling in the countries in the different dimensions may reveal clear paths of regulation along the low or high ends of the poles. Other countries, however, may have very unclear paths; interesting in this regard is at what points the paths begin to diverge and how this can be explained and to observe how hybrid countries' systems are becoming. Aside from national mapping, it is also possible to map companies and sectors. Thus we can observe if the differences can be accounted for mainly by national institutional frameworks or if company size and sector differ greatly within countries and in fact reveal similarities between countries.

In conclusion it has to be kept in focus that our main interest is in how policy and regulation responds to restructuring and changes in work and what affect this has on quality of worklife. Observing systematic effects of institutional structures or regulatory frameworks in outcomes on worklife attributes, or observing the cases in which regulations are not effective, allows us to make policy recommendations that take the complexities of levels of regulation, and the large varieties country, sector, and workplace into account.

**Figure 5.1** Dimensions for mapping



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