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Hornung-Draus, Renate

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Praxisbericht

Renate Hornung-Draus*

Between e-economy, Euro and enlargement.

Where are employer organisations in Europe heading? *

This paper examines the changes which employer organisations in Europe -both at national and at EU-level – have undergone in the past ten years. These changes are linked on one hand to economic developments, such as globalisation and the development of the e-economy, and on the other hand, to political decisions at European level such as Economic and Monetary Union and enlargement. In this paper, I shall make some reflections, based on practical experience, on the changes and challenges which employer and business associations in Europe are facing with regard to the above-mentioned developments. While substantial differences based on national traditions continue to exist, it is nevertheless possible to identify certain common trends, such as the reorganisation and consolidation of employer and business associations, the development of new service-oriented profiles addressed directly to individual companies, and the politicisation of the organisations. The reforms of the industrial relations system undertaken by the employers' organisations which have led to a lasting shift towards a more decentralised approach, giving more space to individual arrangements at company level, have proved to be a success: The system of collective interest representation is no longer questioned in principle, as was the case in the early nineties.

Zwischen e-economy, EURO und EU-Erweiterung. Was wollen die europäischen Arbeitgeberverbände?

Die vorliegende Arbeit untersucht die Veränderungen, die in den letzten zehn Jahren in den Arbeitgeber- und Wirtschaftsverbänden in Europa – sowohl auf nationaler als auch auf EU-Ebene – stattgefunden haben. Diese Veränderungen sind einerseits mit wirtschaftlichen Entwicklungen – Globalisierung und e-economy – und andererseits mit politischen Entscheidungen, die auf europäischer Ebene getroffen wurden, – Wirtschafts- und Währungsunion und EU-Erweiterung verbunden. Ausgehend von praktischen Erfahrungen werden in der vorliegenden Arbeit Überlegungen angestellt über die Änderungen und Herausforderungen, denen sich die Arbeitgeber- und Wirtschaftsverbände in Europa aufgrund der oben genannten Entwicklungen stellen müssen. Auch wenn substantielle Unterschiede in der Interessenvertretung aufgrund der nationalen Traditionen weiterhin bestehen, so können doch einige gemeinsame Trends identifiziert werden, wie z.B. die Umstrukturierung und Konsolidierung der Verbände, die Entwicklung eines neuen dienstleistungsorientierten Profils, das sich unmittelbar an die Unternehmen richtet, sowie die Tendenz zur Politisierung der Organisationen. Die von den Wirtschaftsverbänden durchgesetzten Reformen der Industriellen Beziehungen hin zu einem dezentralisierteren Ansatz, der mehr Raum für unternehmensindividuelle Regelungen lässt, haben sich als erfolgreich erwiesen: Anders als in den frühen neunziger Jahren, wird das System der kollektiven Interessenvertretung von der Mehrzahl der Unternehmen heute nicht mehr grundsätzlich in Frage gestellt.

* Dipl.-Volksw. Renate Hornung-Draus, Jg. 1959, Geschäftsführerin und Leiterin der Abteilung Europäische Union und Internationale Sozialpolitik der Bundesvereinigung der deutschen Arbeitgeber – Breite Straße 29, 10178 Berlin, Vizepräsidentin der Sozialkommission der UNICE und der Arbeitgebergruppe des Europäischen Wirtschafts- und Sozialausschusses – Brüssel, Mitglied des Verwaltungsrates der Internationalen Arbeitsorganisation – IAO, Genf.

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1. Introduction

The past ten years have been characterized by substantial changes in industrial relations in practically all European countries and at European level. These changes are linked both to economic developments, such as globalisation and the development of the e-economy, and to political decisions at European level such as Economic and Monetary Union and enlargement. While there exists abundant literature about the impact of these changes on trade unions, much less attention has been devoted so far to trends and tendencies in the representation of business interests. In this paper I shall make some reflections, based on practical experience, on the changes and challenges facing employer and business associations in Europe with regard to globalisation and European integration, particularly EMU and enlargement. Obviously, there are substantial differences in national traditions, and consequently not all trends and tendencies apply to the same extent to every employer organisation in Europe. Nevertheless, certain developments can be identified, which are common to all organisations.

2. The challenge of globalisation and e-economy in the 1990s

Globalisation and particularly the development of the new economy have had multiple and strong impacts on employer organisations which led to a deep crisis of the legitimacy of this form of interest representation for companies in the mid-1990s.

2.1 *Traditional role of multi-company collective bargaining questioned*

Up until the 1990s, the *raison d'être* of employer organisations was mainly linked to the conclusion multi-company collective bargaining. However, traditional multi-company collective bargaining, which defined uniform working conditions concerning in particular working time and wages for entire sectors, has come under severe pressure in the 1990s for several reasons.

Flexible work organisation: The existing collective agreements were considered too rigid for the emerging flexible, diversified and less hierarchical forms of work organisation. This applied particularly to working time arrangements and to wage structures. In both fields, companies wanted to introduce new and more individualised patterns which were not compatible with the restrictions imposed by the collective agreements in place.

Shareholder value: Financial globalisation imported into Europe the US-American notion of shareholder value and short-term maximisation of dividends as the dominant objective for companies quoted on the stock exchange. This new objective had to be fulfilled by companies in part by cutting costs in the field of human resources. This in turn, was made difficult, if not impossible, by the obligations arising from the existing sectoral collective agreements.

Outsourcing: Many industrial sectors (particularly in the metal processing industries) developed outsourcing as one of the responses to globalisation. This led to a situation of intensifying conflicts of interest in multi-company collective bargaining

structures between the different types of companies taking part in the same unit of collective bargaining. The big global players, which were exposed to international competition, were interested above all in avoiding industrial disputes, particularly strikes, which would lead to a loss of international clients for their companies. At the same time they imposed cost reductions on their small supplier companies, which were sitting at the same negotiating table, and were therefore interested above all in avoiding cost increases imposed by collective agreements. The result of this was a situation of increasing tension on the employers' side with a number of smaller companies either leaving the employer organisations or not respecting contractual obligations arising from the collective agreements.

Cost level: Finally, the increased cost competition at international level led to a general criticism of multi-company collective agreements for the overall labour cost level which they imposed on companies and which severely hampered the competitiveness of European companies applying collective agreements.

2.2 Declining membership of companies in employer/business associations

Conflict between collective agreements and companies' requirements: The decrease in the organisation rate of companies in employer and business associations in the 1990s was in part a result of the above-mentioned developments, i.e. the increasing tension between old-style collective agreements and the developments at company level which were induced by globalisation and economic restructuring. This caused a number of companies either to leave or not to join the employer organisations in order to avoid having to comply with the multi-company agreements negotiated by them. The very low degree of organisation in the new German Länder after German Unification can be considered as an extreme case in this context.

Development of the service sector: The diminishing organisation rate of companies in employer organisations was also due to the fact that the dynamics of economic development in the 1990s took place in the service sectors and the new economy. Both are parts of the economy which are characterised by a very low degree of collective organisation.

Privatisation: Finally, the privatisation of former State owned companies (airlines, telecoms, energy suppliers, railways etc) led to the emergence of new private companies. In many countries these companies were not integrated in the structure of (private) employer organisations, thereby reducing even more the overall organisation rate of employer/business organisations

2.3 Weakening of the trade unions

A key reason for companies to join employer organisations has been to obtain protection against industrial action of trade unions by applying multi-company collective agreements negotiated at sectoral level with the unions. The decreasing unionisation in the 1990s has therefore been a challenge not only for the unions, but also for employer organisations. To the extent that the threat of industrial action by the unions dimin-

ished, the *raison d'être* of employer organisations as providers of industrial peace for companies by way of negotiating collective agreements with the unions also weakened.

2.4 *Political context of deregulation, particularly of labour markets*

The overall political climate in Europe in the late 1980s and 1990s was characterised by a shift away from regulation and collective interest representation towards individualisation and deregulation. In all EU-Member States labour market legislation was adopted which deregulated the labour markets and reduced costs and regulatory burdens for companies significantly. The Thatcher-revolution was considered a model also for continental Europe.

This political climate encouraged companies to question not only the role of trade unions, but also the added value which employer organisations could give them. As a result, companies left the organisations or did not join them in the first place, and those remaining members of employer organisations severely reduced their financial contributions to the employer organisations. Consequently, most employer and business organisations went through a period of financial crisis.

2.5 *Blurring of the boundary between economic and social matters*

The 1990s posed a particular challenge for those countries, in which the representation of business interests was organised in a dual structure of employer organisations (dealing with labour issues) on the one hand and business organisations (dealing with economic lobbying for companies) on the other hand (Hornung-Draus 1998). In fact, both the globalisation and the Economic and monetary union led to a situation in which the boundary between economic and social matters, which were crucial to the sound functioning of this dual structure, became increasingly blurred.

Economic and monetary union strengthened the interdependence between collective bargaining (wage rates) and social policy (with the budgetary impacts of social spending) – both belonging to the competence of employer organisations – on the one hand, and fiscal and monetary policy – belonging to the preserve of business organisations – on the other hand.

Globalisation and the intensification of international trade brought up the issue of the links between world trade – the domain of business associations – and social standards – belonging to the activities reserved for employer organisations.

The result was in many cases an increased institutional competition between the organisations accompanied partly by better coordination, but also by duplication of activities in employer and business organisations.

3. *The employer organisations' responses*

The employer/business organisations responded in many different ways to the challenges they were confronted with in the 1990s.

3.1 *Reorganisations and cost reduction*

The reduction of their financial resources obliged all employer and business organisations to reduce costs, mostly through the internal reorganisation and reduction of personnel. Some organisations at national level – e.g. BDA and BDI (D) or DA (Dk) had to reduce their staff by as much as 30 %.

3.2 *Consolidation of national organisations*

In many countries, where there were dual organisational structures at national level (employer organisations and business organisations) a consolidation took place by way of mergers. This happened in Ireland, where the Federation of Irish Employers merged with the Confederation of Irish Industry to become „IBEC“, in Finland with a similar merger between the employer and business organisations (SDK and TKL) of the Finnish manufacturing industry to become „TT“ (the services still having their own organisation, LTK). In Norway the consolidation went even further, including in the merger at national level not only the old employer and business organisation, but also the chamber of commerce and craft (which was based on voluntary membership).

In Sweden, the merger between the national employer organisation SAF and the national industry organisation SI, was decided a first time in 1995. However, this decision was cancelled again after a whole year of fruitless efforts to implement it. The decision to merge both organisations was taken a second time in the year 2000 and has just been implemented on 30 March 2001, when the new organisation was created as „Confederation of Swedish Enterprises“.

In Germany the dual structure of interest representation is very strong at national horizontal level, and today there are no concrete plans to merge the Confederation of German employer organisations BDA with the Federation of German Industry BDI. This can be explained in part by the fact that the membership of BDA is much wider than that of BDI, including manufacturing industry, all the services and even agricultural employers, whereas the BDI represents only manufacturing industry, although it makes efforts to widen its representation by acquiring new members from services related to industry (*industriennahe Dienstleistungen*). However, at the regional level (of the Länder) several horizontal organisations represent both BDA and BDI interests. The most recent merger at the level of a „Land“ between an employer and an industry federation took place in Bavaria, which now has a unified structure of interest representation. Similarly, some sectoral organisations at national level are affiliated both to BDA and BDI (e.g. construction industry). However the attempt to merge the employer and industry organisations in one of the biggest German sectors, the chemical industry, failed in the late 1990s.

The Netherlands present a somewhat different case in that there existed two horizontal organisations at national level, with identical missions, representing both employers and industrial interests, a largely overlapping membership of companies, but ideological differences: the NCW had an explicitly Christian profile, while the VNO

was ideologically neutral. These two organisations also merged in 1995 to become the „VNO-NCW“.

Needless to say, that all these mergers were accompanied by a considerable reduction in the overall numbers of employees. However, in some cases, costs for companies increased in the short run due to the costs of the restructuring.

3.3 Development of new profiles

Apart from cost-cutting, which was a necessary, but not a sufficient response to the above mentioned challenges, employer organisations tried to regain attractiveness for companies by changing their profile.

One way of changing the profile was deliberately to move away from the dominant image of negotiating collective agreements, which were perceived by companies as imposing unnecessary restrictions and costs, to the image of *providing services* to companies. These services could be related to labour law counselling, mediation, courses in professional training for SMEs etc. These services were provided both by the organisations themselves to member companies only, or on a commercial basis via the creation of separate service enterprises belonging to the organisations. The second alternative had the advantage of providing also additional resources to the employer organisations, making them less dependant on contributions from the membership.

However, there has been an inherent limit to this route: in providing services, the organisations have had to compete with professional service providers on the market – like consultancies, labour lawyers etc. So, the provision of services could be a good additional offer for members, but it could certainly not become the dominant profile of employer organisations.

A particular problem in this context appeared in some German employer organisations which were confronted by the wish of some of their members to continue to receive the services of the organisation without however being subject to the collective agreements negotiated by this organisation, because they were unable to bear the costs imposed by these collective agreements. This phenomenon occurred mainly in sectors exposed to extremely rough international competition, like the textile and clothing industries, but also in other sectors in the New Länder, where all sectors went through a period of extreme difficulties, which were not reflected in the collective agreements applying to them. This resulted in some sectoral and regional organisations creating parallel organisations (Allgemeine Arbeitgeberverbände), which were situated outside the scope of the *Tarifvertragsgesetz* (the law on collective agreements establishing that members of an employer organisation were legally bound by the collective agreements concluded by this organisation). These organisations were run in personal union with the „real“ employer organisation. This trend has been extremely dangerous for the German system of collective bargaining because it eroded the core element on which this system is based, i.e. the discipline and legal commitment of employers and unions in their respective organisations. However, the creation of these special organisations was justified as providing a safety valve for companies which were in a period of crisis

and could therefore not bear the costs of the existing overly rigid and expensive collective agreements. These organisations were an attempt to allow them to stay close to the negotiating structure and to keep the door open for them to re-enter into the „real“ employer organisation. Recent developments have shown that this reasoning was quite correct: today the pressure to create such special organisations has largely disappeared, not only because the economic upturn improved the companies profitability, but also because the employer organisations succeeded in convincing the trade unions of the need to renovate the collective agreements so as to adapt them to the new economic realities mentioned above.

3.4 Improve legitimacy by strengthening the role of companies

Another type of response consisted in developing a profile of political lobbying directly for companies – although most national organisations have no direct company membership. The increased accent on *companies* and on *political dynamism* was the prominent feature in the reorganisation of the former CNPF – *Conseil du patronat français* which became the MEDEF – *Mouvement des entreprises de France*. MEDEF greatly increased the role of direct participation of company representatives in its decision making process and has oriented its action towards activities with a high political visibility – e.g. the Summer university organised every year and inspired by the summer universities of the political parties in France, the organisation of a political march of entrepreneurs against the introduction of the 35 hours week, or the spectacular „*Refondation sociale*“ (cf. below). The same trend can be observed in Sweden, where the SAF and SI merged to become the „Confederation of Swedish enterprises“. Even before the merger the Swedish employer organisation SAF pulled out of all tripartite structures in Sweden – a move which was politically just as spectacular as the *refondation sociale* of MEDEF, for which it may even have provided the inspiration.

3.5 Reform of collective bargaining

The main response of employer organisations to the above mentioned challenges lay in attempting to reform collective agreements so as to adapt them to the new realities of globalisation and work organisation while maintaining the basic role of multi-company-collective agreements.

This response was applied successfully in countries with a strong tradition of autonomous collective bargaining, particularly in the Scandinavian countries, the Benelux and Germany. It was not applied in the United Kingdom, where multi-company bargaining virtually disappeared after even the EEF – the metal industry employers – withdrew from collective bargaining with their counterpart on the trades unions' side.

The reform of collective bargaining in the continental European countries consisted mainly of redefining the balance between regulation at sectoral level and at company level by limiting the sectoral agreements to broad frameworks and giving more flexibility to the enterprise level. This applied both to agreements on wages, e.g. in

Denmark (Due et al 1994) and to working time agreements e.g. in Germany (Hornung-Draus 2000).

Of course, the decentralisation of negotiations to the enterprise level was easier to achieve in those countries, where trade unions are present both at the sectoral level and in the enterprises themselves – such as in Denmark. It is a much more delicate issue in the dual model of industrial relations which exists in Germany. Therefore the decentralisation has been less radical in Germany than for instance in Denmark and the company level flexibility is exercised mostly under the control of the sectoral organisations, which have signed the collective agreements.

3.6 Organise the new sectors which developed outside the traditional structures of the organisation

Employer organisations also responded to the emergence of new sectors or privatised companies and tried to organise them within their structures. This applied to new economic activities linked with communication and the e-economy – e.g. software or mobile phone companies, but also to formerly state-owned companies which had been privatised. Thus the German employers BDA initiated the creation of a new member organisation comprising the privatised or newly created transport, energy and telecommunications companies (Argetel).

3.7 Divergent reactions vis-à-vis the state

The pressures from globalisation led to very different reactions of employer organisations with respect to the state.

In countries which were characterised by a close cooperation with or interference by the State, employer organisations reacted by pulling out of tripartite structures and stressing their autonomy. The most pronounced examples for this reaction can be observed in Sweden and in France. The French „*Refondation sociale*“ initiated by MEDEF in 2000 aims explicitly at modernising social partnership with the unions and cutting back the influence of the State in the social dialogue: „... restaurer un paritarisme mis à mal par un tripartisme de fait“ (UIMM 2000).

The reverse reaction could be observed in many other countries. Beginning in the Netherlands, but also in Ireland, Finland Italy, Portugal, Spain and more recently in Germany employer organisations concluded national pacts for employment and competitiveness. These pacts were either bipartite, but in close dialogue with governments (e.g. the Wassenaar agreement in the Netherlands) or tripartite pacts with the government as one of the parties to the pact (e.g. Ireland). The objective of these pacts has been to combine a policy of wage moderation with the necessary reforms of the social security systems and of the tax system in order to achieve a socially accepted increase in the economy's competitiveness. The underlying logic has been that in these countries such reforms could not be achieved at a reasonable social and economic cost through a conflictual approach, but only via cooperation of the three actors in question (European Foundation for the Improvement of Living and Working Conditions 2000).

The German pact for employment, education and competitiveness provides a good illustration of the blurring of border between the competences of employer and business organisations: the employers are represented not only by the classical social partner, the BDA, but also by the Federation of industry, BDI, the Confederation of the chambers of commerce, DIHK and by the Confederation of crafts, ZDH.

4. The impact of economic and monetary union

Even though EMU has been in operation for only two and has not yet penetrated the ordinary consumer's mind, because the Euro banknotes and coins were only introduced in 2002, some effects on industrial relations and employer organisations can already be observed today.

4.1 Increased competition intensifies pressures on IR-systems

First of all, EMU has reinforced the increase in the intensity of competition between companies in Europe, thereby strengthening the challenges posed by globalisation.

It has also been conducive to a wave of pan-European mergers, the best known of these being Aventis and EADS.

This Europeanisation of the economy has obliged employer organisations, which had a purely national outlook beforehand, to develop a greater awareness of developments in neighbouring countries. The international dimension becomes important for employer organisations as a benchmark for assessing and shaping domestic policies. Striking examples for this integration of the international dimension in domestic policy are the European arguments MEDEF used in combating the 35 hours-week or the importance of the Dutch Wassenaar-agreement in justifying the German „*Bündnis für Arbeit*“, or else the inspiration the Danish labour market policy gave to the proposals by MEDEF in France and also by the BDA in Germany to reform the labour market policy respectively in France and in Germany.

4.2 Wage bargaining – no centralisation at EU-level

A similar tendency becomes visible for wage bargaining. Contrary to many forecasts, classical wage bargaining has not become more centralised after the introduction EMU. Quite the opposite is true, as mentioned above.

However, wage increases are negotiated with more and more attention being paid to the wage policies of main competitor countries. This benchmarking exercise can go very far, particularly in small countries: the recent Belgian framework agreement on wages stipulated, that the wage increases in Belgium should not exceed respective wage increases agreed in Germany, France, the Netherlands and Luxemburg.

In contrast to the European trade unions' – mainly the EMF's – strategy of European coordination of national wage claims, employer organisation tend to adopt a benchmarking approach, trying to adopt lower wage increases than the competitors.

4.3 *Dividing lines between social and economic policy increasingly blurred*

EMU has also contributed to the blurring of line between economic (budgetary and monetary) policy and social policy. Since monetary policy and budgetary policy are largely determined by EMU, including the stability pact, social policy and wages have become very relevant for the absorption of asymmetric shocks to the economy. This development has been one of the reasons for the emergence of national pacts for employment and competitiveness, in which economic policy and wage policy are combined. It has also led to institutional rivalry between employer and business organisations, resulting in some countries in the merger of these two structures, as described above.

4.4 *Employer organisations at European level*

The extension of competences of the EU through successive revisions of the EU-Treaty has not been matched, so far by a transfer of competences or substantial additional resources from national employer organisations to the EU-level. The recent reform of UNICE's decision-making procedures is a perfect illustration of this: concerning negotiations under the social chapter, results still have to be adopted by consensus of the affected member federations. For entering into negotiations a potentially even more restrictive rule has been introduced: today 80 % of votes from affected federations have to be actually in favour of negotiations, while in the past, it was sufficient to avoid a veto from three affected countries, abstentions counting in favour, and not as today, against a decision.

As for the transfer of resources, UNICE's budget increased by 20 % in nominal terms between 1997 and 2001. Employer organisations devoted more attention to developing their own Brussels offices, which cooperate with UNICE, but pursue also national interests directly with the European institutions. This process shows a certain parallel with the trend towards a renationalisation of government policy in Europe after the Maastricht Treaty.

Concerning the possibility to negotiate under the social chapter in order to avoid adoption by the commission of a draft directive, employer organisations have been reluctant to use it. So far three agreements have been concluded covering minimum standards on parental leave, part time work and fixed term work. The latest negotiations on agency work, which broke down in March 2001, give maybe a clue as to why employer organisations find this instrument so difficult to accept. In fact, the Treaty stipulates that negotiations can only cover *minimum standards* on employment conditions as defined in Art. 137 ECT. These minimum conditions constitute by definition additional burdens or restrictions on companies. The Treaty does not allow for any compensation to the advantage of employers, which could consist of liberalising or dismantling restrictions in other fields, and would make a real trade off possible between the trade unions' interests and the companies' interests. Therefore the only motivation for employers' organisations to take up negotiations is the threat of even more restrictive regulation, if it is left to the Commission and the EP. However, this negative motivation is

rather weak and becomes less and less credible as a basis for the development of the negotiating practice at EU-level from the employers' perspective.

Employer organisations have increasingly accepted to play an active role in the soft regulation at EU-level, i.e. the benchmarking and coordination method in the employment process, to which other processes are added by nearly every EU-Presidency.

5. Enlargement

Enlargement will most probably reinforce the tendencies towards a weakening of collective bargaining and employer organisations

After the end of communism, government policy and public opinion have not always been conducive to the creation of employer/business organisations – they were often situated between ultra-liberalism which is hostile to any corporatist structure and post communism, which did not allow the development truly private and independent employer organisations.

The deeper reason for this unsatisfactory development is to be found in the existing political culture, which is not yet sufficiently developed for a sustainable approach in institution building. Often employers' organisations were created at national level, with little representativeness or democratic legitimacy at the grass roots, sometimes they were vehicles for the personal political careers of their leaders – often the leaders were replaced with every change in government, and since many people tried to use such organisations for their political careers, a multiplicity of rival organisations have mushroomed, which spend much of their energy combating each other. As a consequence, collective bargaining, which is the basis of employer organisations in Western Europe has hardly been able to develop in the CEEC (Draus 2000).

The development of employer organisations in the CEEC has not been helped by Western companies operating in these countries. In many cases they show no interest in joining an employer organisation and concluding multi-company collective agreements.

At EU-level UNICE is very cautious about membership from the CEEC. Before accepting organisations as members, UNICE quite rightly insists on consolidation of the national organisations, in order to avoid the importation of domestic rivalries into UNICE. Furthermore, federations from the CEEC are granted only observer or at most associate status. Full membership will be taken into consideration only after the accession of the respective countries to the EU.

It is obvious that enlargement will not have an impact of strengthening employer organisations, but rather increase the pressures on existing organisations and promoting the enterprise level.

6. Outlook – a new change in paradigms?

The most recent developments seem to suggest that the period of extreme individualism is coming to an end and is being replaced by a rediscovery of labour market regulation and collective representation of interests.

6.1 Politics: from deregulation to re-regulation

Deregulation accompanied by cost-cutting and restructuring, leading to more not less unemployment in the 1990s, has generated a sense of insecurity in the population. The consequence has been that left-wing governments have been elected into power in most EU-Member States.

These governments have attempted to address the issue of flexibility vs. security and have adopted a series of new regulations on the labour market. This went from the legislation on the minimum wage and on trade union representation in the UK, to the working time legislation in France and finally the most recent legislation to strengthen the rights of works councils in Germany.

Similarly, at EU-level the Social policy agenda comprises a wide range of proposals for labour regulation. This comes in addition to the anti-discrimination directives adopted in 2000 on the basis of article 13 ECT.

This new regulatory approach has strengthened the role of employers' organisations as lobbyists for business interests vis-à-vis the government, but not necessarily their role in multi-company sectoral collective bargaining.

6.2 E-economy – the virtues of collective representation rediscovered – but at company level

The e-economy, which was the symbol of individualism and of the outdatedness of collective interest representation, is also just about to rediscover the virtues of collective action as share prices go down, companies of the new economy go bankrupt and employees lose not only their jobs but also most of their accumulated wages, which they had received in the form of share options. It is thus not surprising, that more and more employees of the new economy have decided to set up works councils, as was reported recently, and that 80 % of new economy-employees in Germany are in favour of actually setting up works councils (Hamann 2001, Handelsblatt 2001).

However, it must be noted that this trend refers to representation at company level, which does not necessarily imply a membership of the company in an employers' organisation.

6.3 Conclusion: A lasting shift in profile of employer/business organisations

To sum up, all these developments confirm the trends described above for employer organisations. While their existence is no longer questioned today, the change in functions and profile seems to become a lasting one. Classical collective bargaining loses ground in favour of the reinvigorated company level on the one hand, and political framework agreements or coordination processes at national and EU level covering economic policy as well as social policy on the other hand.

This development will most likely continue to go hand in hand with further consolidation of the organisational structure of business representation both at national and at EU-level.

Employer organisations at EU level will not increase their European secretariats substantially, but will rather develop a stronger network structure of EU organisations and the (strengthened) EU offices of national organisations.

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