

CONSENSUAL BARGAINING STRATEGIES: THE ROAD TO SUSTAINABLE INDUSTRIAL RELATIONS IN AN ERA OF LIBERALIZATION AND PRECARIZATION?

Aim

This project has a descriptive and an explanatory objective. First, it aims to describe variation in the development of the different dimensions of precarious work across European economies and over time in relation to collective labor arrangements (e.g. deteriorating trade union density rates, flexibilization of employment protection regulation). Second, it seeks to explain under which conditions negotiations for sectorial collective labor agreements take the form of consensual bargaining, indicating an integrative bargaining strategy rather than adversarial bargaining, and the implications of this bargaining process for the change in different types of precarious work in Europe?

Theoretical Background

Deteriorating working conditions resulting in an increase of precarious work are among the more worrying developments in the post-fordist European labor markets (Kalleberg, 2009; 2018; Lohmann, 2009; Standing, 2011; Vosko, 2010). Precarious work takes different forms and is a multifaceted and multidimensional concept that has yet no universal definition, but tends to include aspects of uncertainty (e.g. fixed-term contracts, zero hour contracts, on-call work and self-employment) in combination with low remuneration and low job quality (e.g. Campbell & Price, 2016; Doellgast et al., 2018; Keune & Pedaci, 2018). Developments, such as labour market flexibilization and the rise of the platform economy have enhanced this development. For the year 2019, the proportion of workers in risk of poverty sat at the level of 9 percent in the EU27[1] and about 12 percent of the workers had a temporary contract[2] of which almost 8 percent involuntarily so[3]. These ongoing changes in the world of work have severe societal repercussions as they put pressure on mental health (Benach et al., 2014), impact political polarization (Antonucci et al., 2021) and increase inequality (Webster et al., 2011).

The raise of precarious working conditions has been associated with workers with a weaker bargaining position on the labour market, such as lower skilled workers (O'Sullivan 2019; Vosko et al., 2009). Nevertheless, there are also which have linked the increase in the precarious working conditions to the flexibility it can provide to workers, offer an alternative to those that have more limited access to wage labor (e.g., migrant women) and the larger economic outcomes such as innovation and entrepreneurial context (Tressel and Scarpetta 2004). Moreover, nowadays precarious working conditions are also increasingly found among the higher educated and thus seem to become more common and less linked to individual bargaining power (Gill & Pratt, 2008; Menger, 2017). These developments have sparked debates about the EU labour markets being subject to overall processes of liberalization or dualization (Baccaro & Howell, 2011; 2017; Bulfone & Afonso, 2020; Rueda, 2014; Streeck, 2009; 2016).

The precarization of work has, among other things, been linked to increased competition in a globalized world, neo-liberal policy agendas and processes of individualization. Industrial relations systems that kept check and balance between employers' and employees' interests before, has insofar been unable to prevent it from happening. Which is ascribed to an erosion of the systems themselves (Doellgast et al., 2018). The 20th century has witnessed significant changes in the way employer and employee relations are organized (Martin & Swank 2016; Schmidt & Aleksynska 2014). In the first decades of the 20th century - the early years of collective bargaining agreements (CBAs) - workers reached for a power balance in negotiations with employers about working conditions by collectively organizing within trade unions. A negotiation that would otherwise be tremendously

skewed. In this context, collective bargaining was a strategy for employees to negotiate better working conditions. For employers it was a means to reduce industrial conflict. Several developments since the crisis of the Fordist model of work in the 1970s have changed this situation. First, the ongoing processes of globalization and technological developments made companies less dependent on the local context for access to labour. Moreover, less and less workers became a trade union member. For example, in the Netherlands the trade union density rate for 1960 was 40 percent which in 2016 was about 17 percent^[4] and can be expected to be even lower today given its steady decline over the previous decades (De Beer & Keune, 2018; Visser 1960). Moreover, a rise in self-employment has further decreased the reach of CBAs. In addition, trade unions have difficulty organizing newly emerging sectors and industries. One of the most significant labor market changes of the last decade where this shift is visible, is the increasing role of the advent of online platforms such as Uber to match the supply and demand of flexible labor (Koutsimpogiorgos et al. 2020). These developments have weakened the bargaining position of trade unions and increased employers' exit options (Doellgast et al., 2018; Waddington et al., 2019). This has resulted in an ever-growing power imbalance between employers and trade unions.

The consequences often take place beneath the surface of the otherwise appearing stable systems. Even though the industrial relations system in many countries has not changed and collective bargaining as such has not declined in many instances, trade unions nevertheless were unable to prevent an increase in precarious employment conditions from happening. Consequently, Doellgast, Lillie and Pulignano (2018) concluded that European labour markets now face a vicious cycle in which labor market and collective bargaining institutions have become increasingly fragmented across industries and countries, triggering ever more precarious work, which results in even more fragmentation. Insofar, it is unclear, however, to what extent a declining union density rate actually contributed to the increase in precarious working conditions when other macro-level developments are taken into account and whether the institutional configuration of the industrial relations system or the sectoral context might function as an accelerating or buffering factor. This project therefore first of all intends to empirically look into the relation between union density rates and precarious working conditions from a historical perspective, starting from the question: to what extent has a declining union density rate been associated with a rise in precarious working conditions and to what extent does this vary between countries and sectors?

Even though Doellgast and colleagues conclude that EU labour markets are currently characterized by a vicious cycle leading to ever more precarious working conditions, they -and others- nevertheless argue that a turnaround, resulting in a virtuous cycle spiraling towards decent working conditions, is possible (e.g. Doellgast et al., 2018; Iversen & Soskice, 2019). They see the restoration of a power balance between employers and trade unions as the foundation for such a turnaround of the vicious to the virtuous cycle. The question is whether such a prerequisite is essential, or whether a turnaround is also possible on different grounds.

The requirement of power-balance is based on the view that employer and employee interests are opposing and that collective bargaining is adversarial. Others, however, take up a different view and argue that employers and employees often have coinciding interests and that employer preferences for deregulation are less homogenous than often assumed (Bulfone & Afonso, 2020). Whereas larger organizations may thrive in deregulated conditions, small and medium enterprises (SME's) might prefer collective regulation for efficiency reasons (transaction cost reduction) and because it creates a level playing field between them and their competitors (Afonso, 2012; Bulfone & Afonso, 2022; Dilli 2019). Moreover, especially in coordinated market economies where extensive collective bargaining systems are in place, employers have shaped their production processes around these systems,

resulting in a self-interest of keeping them in place (Thelen, 2012). This opens the door to alternative bargaining strategies to adversarial 'zero-sum' bargaining, such as consensual bargaining[5] in which bargaining takes an integrative shape searching for win-win solutions (Williamson & Baird, 2014). Where zero-sum collective bargaining indeed requires a restored power balance between the negotiating parties to result in a virtuous cycle away from ever deteriorating employment conditions, the alternatives have the potential to reach this even in the absence of equal power relations. Indeed, research into gender equality bargaining has shown this to be most effective when employers are on board and consensual bargaining strategies are used (Gregory & Milner, 2009).

Since the literature on collective labour arrangements and working conditions tends to focus on trade unions and treats employers and their organizations as contextual factors, it first of all fails to recognize the diversity in preferences and strategies potentially prevalent among them. For example, under which conditions are employers on board and can consensual bargaining strategies be used? As a consequence, the current literature is unable to explain under which conditions consensual bargaining strategies are possible, effective and sustainable. It also overlooks at the importance of the relationship between the different parties involved. This project therefore aims to develop a theoretical framework that ties the preferences and strategies of trade unions to that of employers and their organizations while paying attention to their interdependence. In doing so, the project aims to gain insight in the conditions under which employment conditions can be kept up, precarization tendencies reversed or avoided and mutual gain collective bargaining strategies developed and sustained starting from the second key question: which conditions make consensual bargaining strategies rather than the traditional and more adversarial approach feasible and attractive for all involved parties and to what extent do the outcomes of such negotiation processes have the potential to lead to the prevention of the deterioration of employment condition?

In order to gain insight into the macro-level developments (collective labour arrangements), meso and micro-level outcomes (flexibilization and employment conditions) and the underlying micro level (negotiation) processes, a combination of empirical strategies is proposed. In order to gain insight in the macro-level developments during the 20th century and the role collective bargaining agreements have played during this period for employment conditions, a database will be developed in collaboration with the PhD project "Corporatism and Wellbeing". In order to gain more insight in the developments during recent decades and to link macro-level developments to organizational and individual level outcomes, use will be made of micro level data collected through European surveys by Eurofound. Finally, a combination of semi-structured interviews with trade unions, employers and employers' organizations and case studies will be applied to gain insight in the bargaining processes resulting in collective bargaining agreements.

Project Initiators

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Location

Groningen

Expertise

Sociology and Social and Economic History

Research Design

This project uses a combination of research strategies that combines quantitative and qualitative sources:

In collaboration with the PhD project “Corporatism and Wellbeing”, a new database will be co-created on labor market regulations in selected European countries since 1900 to understand the historical origins and diversity in the development of collective labor arrangements (Martin and Swank (2016); Aleksynska and Schmidt (2014), Visser (2013) provide a starting point for this purpose).

The European Company Survey (2004-2019) will be used to map the extent to which the presence of trade unions and CBAs in organizations is able to reduce the occurrence flexible work in the organization and to what extent this has declined over time.

The European Working Conditions Survey (1991-2021) will be merged with country level data on trade union density for the sake of analyzing to what extent the deteriorating density rate is associated with the occurrence of more precarious working conditions among the employed across different sectors.

Semi-structured interviews will be held with social partners in various European countries (country selection will be decided later based upon the direction in which the project develops and the preferences of the PhD candidate) seeking to gain insight in the conditions and dynamics that affect the bargaining strategies of the parties involved, their perceptions on the sustainability of the bargaining process and their judgment of the outcome in terms of revenue for employees and employers in the bargaining result.

A total of about ten negotiation processes leading up to collective bargaining agreements that can be labelled as co-creation will be followed closely (case studies) with the aim of uncovering the elements that make the process sustainable and what undermines sustainability.