

The Youth Unemployment Challenge

Melanie Simms

A recent project run at IRRU and funded by UnionLearn looks at how unions and employers are trying to help young workers into the labour market. Young workers are bearing the brunt of the current economic turbulence, and although the overall unemployment rate has not grown as much as anticipated, the duration of unemployment at a young age may have long-term consequences.

Employers

The study looked at a wide range of employers at all levels of the labour market from retail and hospitality through to accounting and law. For retail and hospitality employers, the crucial challenge has been the growing competition, especially hospitality, which has led major employers to develop more structured programmes to retain and develop young people into more senior roles and to encourage them to consider these as sectors that provide career opportunities rather than simply entry level jobs. To do this, the employers we spoke to in these sectors had spent considerable time and effort developing and accrediting training programmes targeted at young workers whose early experiences of work might be in a bar, restaurant or shop.

Notably, however, most of these opportunities – including apprenticeships – were only open to existing staff. Although some employers did talk about their more recent experiences of developing apprenticeship opportunities for new hires, it was evident that this was not the most common structure of these programmes. Interestingly, changes in policies about the age of apprentices also had comparatively little impact on employer behaviour. Previously, employers were able to secure funding for any training programme accredited as an apprenticeship. Now that is only available when apprentices are under 25. As a result, although many apprenticeships are taken up by older workers (especially women returning to work after childcare responsibilities), they attract less funding. >> **continued on page 3**

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Editorial: The global relevance of industrial relations

In September 2012, after ten years of excellent service that included co-organising the European Congress of the International Industrial Relations Association in 2007, editing the prestigious *Industrial Relations in Europe Report* for the European Commission in 2010, and launching *IRRU Briefing*, Professor Paul Marginson stepped down as Director of IRRU. On the recommendation of the IRRU Management Committee and of the Advisory Board, I was nominated as his successor in a line of prestigious directors: Hugh Clegg, George Bain, Willy Brown, Keith Sisson and Paul Edwards before Paul Marginson. Which is rather daunting: I am the first IRRU Director not to have been educated at either Oxford or Cambridge (and not even in the UK), and the first one not to have English as his native language (although not the first foreigner). On one thing I am in line with tradition – gender – and I have to hope that, given the enormous contribution that female perspectives have increasingly brought into industrial relations, whoever will follow me will finally end this anomaly...

The nomination is daunting not just because I do not have the credentials of my predecessors, but because this is not an easy time for independent academic research on industrial relations. We live in times of austerity and it is becoming economically more difficult for us to raise the funding for research, and for our students to raise the funding to studying industrial relations. As our Warwick emeritus colleague Colin Crouch recently wrote in *The Strange Non-Death of Neoliberalism* (Polity Press, 2011), there is a paradox in the current crisis: if on one side it revealed the unsustainability of deregulated economies and labour markets that disregard social contexts, on the other, after some hurried talk of change, it ended up promoting 'more of the same'. This

is unfortunately visible also in academia, where increased marketization risks sidelining critical perspectives that could warn against risk and social unsustainability. Concomitant with a generational transition that is seeing the pillars of the strongest times of the discipline retire (during last year, important names associated with IRRU such as Willy Brown and Linda Dickens celebrated the end of their formal employment), the space for industrial relations is shrinking in most British universities, although it is still strong in countries like Belgium and Canada, and is growing in emerging economies.

At the same time, the current situation increases the need for rigorous independent research on industrial relations. In the West, the crisis is in its fifth year, and its duration is starting to have permanent effects on the generation of new labour market entrants, as discussed by Melanie Simms in the lead piece of this issue. Across Europe and the US, restructuring of public employment and reforms of wage setting are meeting a number of challenges that call for expert understanding of what is at stake, and of the possible unintended consequences. In the emerging economies, volatile growth and the limits of labour-intensive development have led to waves of industrial strife from China to India and Bangladesh, from South Africa to Brazil. Ironically, while the relevance of industrial relations is being questioned in British academia, IRRU is increasingly contacted with requests for advice and expert evaluation from other corners of the world.

We are actively addressing the resulting challenge: more 'labour problems' to research, and fewer resources at home. We are doing this in three ways. Firstly, by consolidating our traditional British

and European expertise, as a number of recent books (see page 10) prove: if we are contacted from abroad, it is exactly because we are recognised as experts from the country with the longest industrial relations history. Secondly, by engaging more directly with the international level. If IRRU has long been active at the European level (see articles by Donaghey and Hall and by myself in this issue), it is now strengthening intercontinental links, notably with Cornell University in the US, Renmin University in Beijing, the CRIMT centre in Canada and Monash University in Australia. We are also actively involved in the new Global Priority Programme of the University of Warwick on global governance, to look at the emerging instruments of global labour governance. Finally, IRRU is strengthening its traditional multidisciplinary expertise by collaborating more closely with different departments across the University of Warwick. The joint organisation of the Work, Employment and Society conference at Warwick in September 2013 will be a visible example of this emerging collaboration, and of the enduring centrality of Warwick on employment issues.

This issue of IRRU Briefing provides examples of how we are working on these fronts, combining traditional expertise on employment, consultation, collective bargaining and multinational companies with new issues and broader horizons. I joined IRRU in 'the last century', if only at the end of 1999, and am convinced that that tradition has the intellectual vigour, empirical openness and pragmatic curiosity to continue making a unique contribution to the understanding of today's changing world of work.

Guglielmo Meardi, IRRU Director

IRRU Briefing is published periodically by the Industrial Relations Research Unit. It contains summaries of key findings from current and recent research projects, information on new projects and publications, and analysis of significant industrial relations developments.

IRRU Briefing aims to inform and contribute to the thinking of practitioners in industrial relations and human resource management. Many of our recent papers can be found on our web site. Please go to: www2.warwick.ac.uk/go/irru

For further information on our work, please contact IRRU's Research Coordinator at the address on the final page.

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In general, the view of most senior managers to these changes in policy was very much to not let it drive their behaviour. They were generally keen to point out that they develop their employment and training opportunities in response to business needs rather than being primarily driven by government policy. If they can secure funding for those decisions, this was seen as a bonus rather than a major contributor to decision making.

One of the main findings of the project has been how baffling many employers find the current policy environment. Large employers report that they are bombarded with approaches from prospective partners seeking to develop bids to get existing training accredited in order to help secure funding, or to provide access to employment for particular groups of young people. This is an issue in the area of development of apprenticeship programmes, but also in more general training pathways. Some large employers with a clear strategic view of the HR function have been able to identify preferred partners with whom they work nationally. But many report that the sheer number of providers in this field make it impossible to know whether a prospective partner is reliable and, crucially, understand the business context.

At the higher skill end of the labour market, employers reported that changes to higher education funding, and in particular the introduction of student tuition fees, had forced them to reconsider entry pathways into the professions. In both accounting and law there were examples of firms re-establishing pathways for non-graduates because of a fear that very able students would be put off going to university and would never, therefore find themselves with the qualifications needed for graduate entry into these professions. This trend was more pronounced in accounting than law, but is extremely important to continue to observe in future years.

Unions

Our focus was not on what unions are doing to ensure greater representative voice for young members within their own structures, but rather on what unions are doing to negotiate improved work opportunities for young people. Some of the examples we found were impressive. Nautilus – the union representing maritime professionals – is a good example of where a union has been able to use its representativeness across the sector to improve job opportunities for young seafarers. The union has done a lot of work to ensure that particular issues that disproportionately affect young members (bullying, safety etc.) are included on bargaining agendas, and that there are clear pathways into collectively bargained jobs for young people when they end their training. Nautilus was one of the unions we found which is taking a wide view of how to tackle the particular challenges facing young people in their sector – an approach that is undoubtedly facilitated by the fact that they are well-organised across the profession.

Other unions are doing innovative work in many areas. Unions such as BECTU and PCS have done a great deal of work negotiating to improve both the numbers and quality of apprenticeships available in their sector. Although apprenticeships are not necessarily taken up by young people, the unions have been keen to improve provision in this area. Usdaw also stood out as doing some innovative work with regard to the National Minimum Wage. Not only have they undertaken a large amount of research to enable them to submit evidence about the youth rates to the Low Pay Commission, they have also successfully negotiated with several large supermarkets that young people should receive the full adult rate. Given the importance of retail work in labour market transitions for young people, these are deals that affect large numbers of young people.

Conclusions

Overall, then, it is clear that there is innovation by both employers and unions

to help provide greater opportunities and better quality jobs for young people entering the labour market. But even with large employers, there is a great deal of confusion about government policy in this area and there is little evidence that national policy is the main driver of employer behaviour. Unions have been able to engage employers in bargaining to improve job quantity and quality for young people, but only where they are recognised. What is less clear is evidence of agencies responsible for policy delivery systematically engaging employers more widely which raises very serious questions about whether there will be any widespread change of behaviour in the near future.

“ Even with large employers, there is a great deal of confusion about government policy in this area and there is little evidence that national policy is the main driver of employer behaviour. ”

Further reading: M. Simms, *Hit hardest, scarred longest: Young workers during the crisis*, <http://www.unions21.org.uk/publications>

Multinational companies: integrating and differentiating between national employment systems

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Comparative analysis of parallel surveys of multinational companies' (MNCs) employment practice in four countries reveals the ways in which these major employers simultaneously differentiate between and integrate across national employment systems. The findings contrast with the view prevailing from previous work. This contends that MNCs face a 'global-local' tension in management practice, which forces them to choose between more centralised or more decentralised approaches to employment practice. Analysis of the surveys demonstrates that international integration can result in centralised approaches which require continued, not reduced, differentiation in employment practice between MNCs' local operations.

The comparative research entailed sustained collaboration between research teams based in Canada, Ireland, Spain and the UK. The UK team, which includes Paul Marginson and three of IRRU's Associate Fellows, involves collaboration between researchers based at Birmingham University, Kings College London, Leicester Business School, University of East Anglia and IRRU at Warwick. ESRC funding underpinned the work of the UK team. Five headline findings derived from the comparative analysis of MNCs' employment practice.

- Levels of international integration amongst MNCs are high viewed in terms of the overall business configuration of firms; their operating structures and procedures; and organisation of the HR function.

In terms of business strategy and configuration, standardization of products either globally or within global regions is widespread. Only a quarter of MNCs adapt their main products or services to national markets. There are extensive linkages between operations in different countries, indicating international segmentation of production. Two thirds of MNCs' local operations are supplied from elsewhere in the company, including almost one-half which are part of internationally networked production – both supplying to and being supplied by the company's operations in

other countries. Internationalisation of product strategy and the organisation of production is reflected in the prevalence of international structures of management organisation. Nine out of every ten MNCs are variously structure along one or more of three main international axes: international product divisions; global regional structures; global business functions. Matrix structures combining two or three of these characterise the majority of firms. National subsidiaries, although still widespread, are of second-order importance.

The high level of upstream international integration is significant for the organisation of downstream functions including human resources (HR). An 'international architecture' of HR is apparent in a substantial proportion of MNCs. The majority of firms have an international policy-making body for HR (60%); bring their HR managers from different countries together on at least an annual basis (56%); and have in place an international HR information system (56%). One effect is the internationalisation of HR policy: three-quarters of respondents either agreed or strongly agreed that there was a global or regional philosophy concerning how employees should be managed.

- Internationalisation of the HR function has a more direct bearing on employment practice than more

upstream considerations of overall business configuration and operating structures and procedures

The influence of more upstream international integration of business strategy and structure on employment practice seems to be mainly indirect. For a few issues, including the uptake of particular types of HR practice, upstream factors have an identifiable effect over and above that of international HR structures. However, it is the presence or not of an international HR architecture which is the determining influence for many issues. These include the extent of policy discretion over employment policy and practice accorded to subsidiaries, the forms of control utilised by HR and the presence, and management practice towards, transnational employment relations structures. Put differently, internationalisation of the HR function would seem to follow a logic of its own and is only partially attributable to upstream considerations. The implication is that global HR managers have some scope for manoeuvre in the design of employment policy and practice.

- Differentiation across countries in the ways in which subsidiaries are integrated into the worldwide company, and the roles of those subsidiaries, flows through into variation in employment practice

Distinct subsidiary roles are evident in the extent to which they supply, or are supplied by, other parts of the MNC with intermediate products and services, and in the occupational characteristics of the largest occupational group (LOG) at the subsidiary. The take up of HR practices associated with motivation and opportunity is more pronounced amongst subsidiaries which supply operations in other countries, and which therefore have a more pivotal role in the MNC's production network, than in cases where a subsidiary is solely supplied from elsewhere, or not networked at all. Amongst the latter, HR practices associated with control are more prominent. Concerning the nature of the LOG, monitoring of hard HR indicators, including headcount, costs and productivity, is more pronounced where the LOG is comprised of sales staff or production operatives, but much less so in the case of professional and technical employees.

- Country-of-origin effects on employment practice in subsidiaries are either accentuated or countered according to whether the parent company is headquartered in a dominant business system

Accentuation of country-of-origin effects is evident for MNCs based in the US, still the dominant business system in the global economy. As compared to MNCs headquartered in the coordinated market economies of western Europe and Japan, and also those from other Anglophone economies such as the UK, US-owned companies conform to the American business model in exercising significantly greater policy control over their subsidiaries. The finding holds for each of the four host environments – Canada, Ireland, Spain and the UK – despite differences in regulation and institutions. Also, US companies' well established preference for union avoidance carries over to their union recognition practice in their foreign subsidiaries. MNCs headquartered in Germany, the Nordic area, the UK and the rest of Europe – although not France or Japan – are more likely to recognise unions than their US counterparts. Country-of-origin influences are likely to be countered by dominance effects amongst MNCs headquartered in coordinated market economies. Evidence

The parallel national surveys of the employment practices of MNCs

The comparative research draws on the findings of parallel surveys of MNCs' employment practice undertaken in four countries. The surveys yielded 1100 responses from MNCs operating in Canada (n=208), Ireland (n=260), Spain (n=330) and the UK (n=302). Response rates were: Canada – 15%, Ireland – 62%; Spain – 30%; UK – 18%. The surveys, carried out in 2006 (2007-2008 for Spain), were designed, realised and analysed collaboratively by research teams in the four countries. The four surveys has a number of common core features:

- comprehensive coverage of the private sector and of countries of origin of MNCs
- representative of the wider population of MNC operations in a given country
- focused on medium – and large-sized MNCs, defined as companies with worldwide employment totalling at least 500 and operations employing at least 100 in a given host country
- national operations as the unit of analysis
- a senior HR executive as respondent
- administration of a structured questionnaire instrument, with a particular focus on four aspects of employment practice

Whenever possible survey questions were identically framed. But given differences in national context, equivalent questions which took account of such differences had to be devised on a range of issues.

on this was mixed, although multinationals based in continental Europe were not more likely than US-based firms to recognise unions in their Canadian operations.

- Host country institutional environments both constrain and enable MNCs' preferred employment practices

There is noticeable variation in the constraints exercised by the four host countries, underlined by the findings on US-owned MNCs and on union recognition. Whilst the difference in the extent to which US – and non-US-owned firms exert policy control over HR and employment matters is broadly similar across the four hosts, the actual degree of policy control varies across them. The policy control exerted over by US firms over their subsidiaries in Ireland and the UK is significantly less than for their Canadian operations. This reflects greater geographical proximity to and economic dependence on the US. Subsidiaries in Spain were not less likely to be subject to policy control in overall terms,

as might be expected given the constraints associated with its dense institutional environment. Instead the issues on which policy control focused amongst Spanish subsidiaries differed from those in the Anglophone economies. On union recognition, once the influence of firm-specific factors had been controlled for, the effect of institutional arrangements on the incidence of union recognition was noticeably stronger for Canada's legally based arrangements than for the largely voluntarist mechanisms which characterise Ireland and the UK. The idea that host country environments might enable particular types of employment practice is indicated by the findings on the employment practice implications of differentiation across countries reported above.

Further reading: *Special Issue of Industrial and Labor Relations Review 'Multinational Corporations in Cross-National Perspective'* to be published in 2013.

The Information and Consultation Directive ten years after

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and Mark Hall

The Information and Consultation Directive (2002/14/EC) is ten years old. While in many EU member states it did not involve significant legislative change, for some countries, including the UK, it did lead to innovative provisions. A recent European project, including case studies in six countries, looks at the effects of these innovations.

IRRU recently completed a project, for the European Foundation for the Improvement of Living and Working Conditions, which sought to map, analyse and assess recent experiences in the practice of Information & Consultation (I&C) at national level, ten years after the Information and Consultation of Employees Directive (2002/14/EC) was passed by the European Council. The focus of the project was on I&C practice, not on the legal implementation of the Directive. In particular, the key research questions were the effects of the Directive on national I&C practice, specifically for employees, trade unions, companies and national systems of industrial relations.

Policy context

While many EU Member States have long established, legal frameworks for information and consultation, Directive 2002/14/EC marked for the first time the introduction of a general right of workers to information and consultation through standing structures across the European Union. The Commission's legislative proposal was, arguably, strongly influenced by a number of high-profile cases of company restructuring, involving plant closures and large-scale redundancies, in which I&C procedures were disregarded or proved ineffective. Most notably, the EU-level debate on possible legislation on national I&C took on a new impetus and urgency in early 1997, when Renault, the France-based automotive multinational, suddenly and controversially announced that it would close its plant in Vilvoorde, Belgium, with the loss of over 3,000 jobs. A key justification deployed by the Commission (from its November 1997 second-stage social partner consultation document onwards) was that an EU initiative to define at European level a 'general and consistent' framework for I&C was necessary to overcome a series

of shortcomings in national and EU law. For the Commission, the key national shortcomings included that, although most Member States had a statutory or negotiated legal framework establishing I&C rights at various management levels (establishments, undertakings, groups), these rights were not always respected in practice. Recently, I&C practices across three different areas (general I&C, transfer of undertakings and collective redundancies) were evaluated in the recent Deloitte "Fitness Check" for the Commission. This report concluded that greater monitoring and learning activity was required to increase the effectiveness of the directives.

Variety – and weakness – of effects

In terms of the differing extents to which the Directive has driven changes to national I&C arrangements/regulation, a previous comparative study conducted by IRRU for the European Foundation in 2008 produced the following categorisation:

- No change or virtually no change: Austria, France, Germany, the Netherlands, Portugal, Slovenia, Spain
- Minor change: Czech Republic, Denmark, Finland, Greece, Hungary, Latvia, Lithuania, Norway, Slovakia, Sweden
- Major change: Bulgaria, Cyprus, Estonia, Ireland, Italy, Malta, Poland, Romania, UK.

From the available evidence, the Directive's impacts on national I&C practices has been very limited in most Member States. There was no reason to expect any such impact in countries with mature, pre-existing national I&C systems that saw no change or virtually no change, in the legislation. In the third group of countries, which did not have pre-existing general, statutory systems of I&C, and were required to

introduce at least the possibility of new types of employee representative or body with I&C rights and/or to allocate new I&C rights to existing representatives, the legislation for the first time introduced a statutory right of general consultation for the first time. However, in practice, the effect of the Directive was insufficiently strong to generate major institutional change in any particular country, though institutional adaptation did occur. Thus, while, for example, the UK saw legislation being introduced for the first time, the extent to which the national system has seen major organisational level changes is limited and it certainly has not changed the character of information and consultation in the UK. This may explain at least in part the widespread indifference of the social partners to the Directive's effects following transposition.

The research involved a review of all member states and case studies in six countries, representing different levels of legislative change following the Directive: Netherlands, Denmark, Slovenia, Greece, Poland and UK. Two countries with deeper change, UK and Poland, came both from a single-channel representation system, and both chose a rather minimalist form of implementation. As a result, in both cases it appears that only trade unions have, in practice, the strength of initiative to set up new I&C bodies, although managerial initiatives also take place occasionally.

Within our case studies, a wide variety of organisational level approaches was discernible. In those that were the most active in their consultation (– Airline, GreekBrewery, UKIT), major organisational changes were tempered by the presence of well informed, well organised workers who engaged actively over substantive issues such as reducing the numbers made redundant in major organisational

restructuring and affecting the way in which major changes were implemented. At a less advanced level, but nonetheless meaningful, in some organisations while the principle of managerial decisions was not altered, the detail on how changes were implemented was subject to changes through consultation. Finally, a third trend of micro-operational issues open to consultation but the major issues being reserved to managerial determinism was evident. There was no particular pattern discernible amongst our case studies in terms of country or sector in which the organisation was based. Rather the quality of the consultation depended on the culture and approach to dialogue of local management.

Overall impact

The legislation has not brought about fundamental change to any national system of industrial relations: paths remain the same and those countries with established, legally enshrined systems of I&C which are supported by the ghost of significant sanction, are likely to experience more active company-level consultation than countries with only weak constraints. The legislation has not brought about a significant upturn in the quantity and quality of I&C bodies. While the initial drafts of the legislation and policy positions from the Commission did aspire to creating a system where significant decisions taken without consultation could be annulled,

given the lack of meaningful sanctions in the legislation, the governments with the lowest levels of legal support for I&C, like Ireland and the UK, used the principle of subsidiarity to row back from creating a fundamental right to I&C and rather put an emphasis on employees ‘triggering’ the right. In these countries, the effect of this ‘double-subsidiarity’ is that weak implementing legislation and the primacy of voluntary agreements has substantially neutered the effect of the legislation. Similarly, for those countries with predated I&C legislation, this was generally more onerous than what was required by the legislation, making it of little effect all round.

Policy Pointers

Directive 2002/14/EC has not played a very significant role in terms of shaping meaningful organisational level information and consultation. The recent Fitness Check highlighted that perception of the effectiveness of the Directive was lower than that for both the Transfer of Undertakings or Collective Redundancies Directives. Our findings indicate that there is rarely a direct call for general information and consultation from workers and, given the shape of the national implementation legislation, the call for consultation can come after the decision has actually been taken. Creating specific I&C rights around particular organisational circumstances has carried much more effect.

While the Directive did not initiate a new wave of meaningful consultation in those countries which introduced general I&C legislation for the first time, it did play a ‘nudging’ role in encouraging some organisations, particularly multinationals based in the UK and Ireland, to establish and/or strengthen I&C processes. What the Directive clearly did not do was to introduce a means by which the Vilvoorde scenario will not reoccur. Similarly, it did not provide enough constraints on national implementation or organisational discretion to initiate wide scale I&C practices.

In terms of good practice in the area of I&C, we were able to highlight a number of features. First, rather unsurprisingly given its traditions and legislation, the Netherlands produced cases where meaningful I&C took place. Secondly, management commitment, in terms of both resources to support effective I&C and of readiness to consult over a wide range of issues, is both an input to and outcome of meaningful consultation. Thirdly, meaningful I&C requires the sustained commitment of parties to the process rather than viewing it as a mechanism which must be fulfilled due to legal or organisational requirements.

Further reading:

Hall, M., Hutchinson, S., Purcell, J., Terry, M. and Parker, J. (2011), ‘Promoting Effective Consultation? Assessing the Impact of the ICE Regulations’, *British Journal of Industrial Relations*. doi: 10.1111/j.1467-8543.2011.00870.x Hall, M. and Purcell, J. (2011), *Information and consultation practice across Europe five years after the EU Directive*, European Industrial Relations Observatory, <http://www.eurofound.europa.eu/eiro/studies/tn1009029s/tn1009029s.htm> Hall, M. and Purcell, J. (2012), *Consultation at work: regulation and practice*. Oxford: Oxford University Press. The full research report will be published during 2013 on the website of the European Foundation: <http://www.eurofound.europa.eu/>

Country	Company	Sector	Union/non-union	Level of consultation
Denmark	DenHotel	Service	Non-union	Information only
	DenPharma	Manufacturing	Union	Active consulters
Greece	GreekBank	Service	Union	Information only
	GreekBrewery	Manufacturing	Union	Active consulters
N'lands	DutchAirline	Service	Union	Active consulters
	DutchPharma	Manufacturing	Union	Active consulters
Poland	PolUC	Service	Union	Hollow shell
	PolManu	Manufacturing	Union	Legal minima
Slovenia	SlovRetail	Service	Union	Weak consultation
	SlovPharma	Manufacturing	Union	Communication
UK	UKIT	Service	Non-union	Active consulters
	UKManu	Manufacturing	Non-union	Information only

The new EU role on wage setting and labour markets

Guglielmo Meardi

A comparative project on industrial relations in the six largest EU countries, funded by the ESRC in 2010-12, coincided with the sovereign debt crisis and changes in some national systems of industrial relations. At the same time, the European Union has developed new tools and competencies on industrial relations. The traditional EU policies in the area of employment have been defined as 'soft' and have generally led to only incremental change in the member states. The recent sovereign debt crisis has changed this picture by increasing EU influence, especially over the industrial relations of countries needing financial assistance.

In 2010-12, the Eurozone countries introduced stronger economic governance tools, including the so-called 'Six-Pack' regulations on preventing macro-economic imbalances. By referring directly to unit labour costs, these regulations depart from EU Treaties, which had hitherto excluded wage setting and collective bargaining from the realm of EU policies (Art. 153 of the Lisbon Treaty). Wage setting is now an area of the Europe 2020 agenda. At the same time, deep structural reforms are requested from rescued countries through the 'multilateral surveillance procedure', and strongly recommended to other countries at risk. Spain, Italy and France passed major, previously unforeseeable labour market reforms during 2012-13.

Two policy proposals have been particularly important for the European Commission and the European Central Bank (ECB) since the European 'Agenda for New Skills and Jobs' of 2010: the decentralisation of collective bargaining, and the liberalisation of employment protection through a flexible 'single open-ended contract' that would overcome labour market segmentation. These proposals, which are not backed by robust research evidence, appear to contradict some of the Commission's own previous elaboration (e.g. the *Employment in Europe* report of 2006), which acknowledged some advantages of employment protection legislation for human capital investment, and of

co-ordinated collective bargaining for increasing productivity and stabilising wage developments. The evolution of Unit Labour Costs in the last twenty years does not indicate that collective bargaining decentralisation is a sufficient or necessary condition for wage moderation (see figure).

In Spain and Italy, and to a lesser extent France, the content of the reforms has been inspired by European institutions more than by the social partners at the national level. Radical decentralisation of collective bargaining and liberalisation of employment protection were not on the agenda of national employer associations. These are actually attached to some degree of co-ordinated wage setting, in order to avoid company-level bargaining and related transaction costs, and to labour market dualism between core and peripheral workforce as a traditional tool to manage human resources.

Reforms in Italy, Spain and France

Both Italy and Spain passed important labour market reforms in the 1990s and 2000s, mostly through social negotiations with employers and trade unions, but had so far avoided radical measures. In Italy, in 2003 a general strike had blocked the liberalisation of dismissals, and in 2009 a tripartite agreement confirmed the overall structure of collective bargaining. In Spain, in 2002 opposition from both unions and employers blocked the government's proposal to

decentralise collective bargaining, while a general strike impeded the reform of unemployment benefits. In both countries, between 2010 and early 2011 the social partners signed social pacts to agree measures on the crisis without dismantling the industrial relations system.

In 2010, the Commission first recommended both countries to decentralise collective bargaining and reform employment protection legislation. In August 2011 the situation came to a head when the Italian and Spanish 10-year bond spread over the German ones went over 5%, a level close to the one that had forced Greece, Ireland and Portugal to ask for financial rescue. On the 5th of August, the ECB's incumbent and elect presidents, Jean-Claude Trichet and Mario Draghi, wrote letters to the Italian and Spanish governments, asking for austerity budget measures, structural and constitutional reforms as implicit conditions for intervening, from the following week, on the secondary markets to purchase Italian and Spanish bonds. The letters were not made public but the content of the one to Italy was revealed at the end of September by the Italian daily *Corriere della Sera*. The two crucial requests were 'to further reform the collective wage bargaining system allowing firm-level agreements to tailor wages and working conditions to firms' specific needs and increasing their relevance with respect to other layers

of negotiations’ and ‘a thorough review of the rules regulating the hiring and dismissal of employees’.

As a response, the Berlusconi government drafted an emergency decree on the 18th of August, which included a collective bargaining reform, allowing company agreements to deviate not simply from sectoral agreements, but also from employment legislation, including on dismissals. The social partners were surprised and on the 21st of September signed a new bipartite agreement, committing the parties not to use the new regulations. As a reaction the largest industrial company Fiat, which had been opposing sectoral agreements, abandoned the Italian employer confederation in protest. In 2012 the new Monti government announced a new labour market reform, affecting directly, for the first time, the employment dismissal regulations from 1970. However, in our interviews, representatives of employer associations doubted that rigid dismissal procedures were an important factor behind the crisis of the Italian labour market.

In Spain, the Socialist government passed emergency measures at the end of September 2011, and more radical reforms were introduced by a new conservative government in February 2012, easing dismissals, establishing the priority of company agreements over multi-employer ones, and introducing a number of possibilities for employers to deviate from existing agreements in order to allow ‘internal flexibility’. While a section of the employers supported the changes, in surveys the majority defended the traditional segmented labour market system, despite its distortions. Small employers, just like in Italy, prefer to avoid company-level negotiations and keep referring to multi-employer ones. In the construction sector, fearing disruptive effects from the reform, the social partners hurriedly signed a new sectoral collective agreement before the new regulations started to apply.

The Spanish reforms have been more radical than the Italian ones, but one year later, seem not to have produced positive results: the destruction of

jobs accelerated (850,000 were lost during 2012), but hardly any were created. In an implicit recognition of fault, in November the labour minister Fátima Báñez asked employers to show ‘sensitivity’ in the application of the new rules. In both countries, the reforms, by reducing administrative and collective forms of setting disputes, are increasing industrial and legal disputes at company level. Moreover, by undermining the co-determination potential of dual channels of employee representation, they are making industrial relations more ‘distributive’ than ‘integrative’.

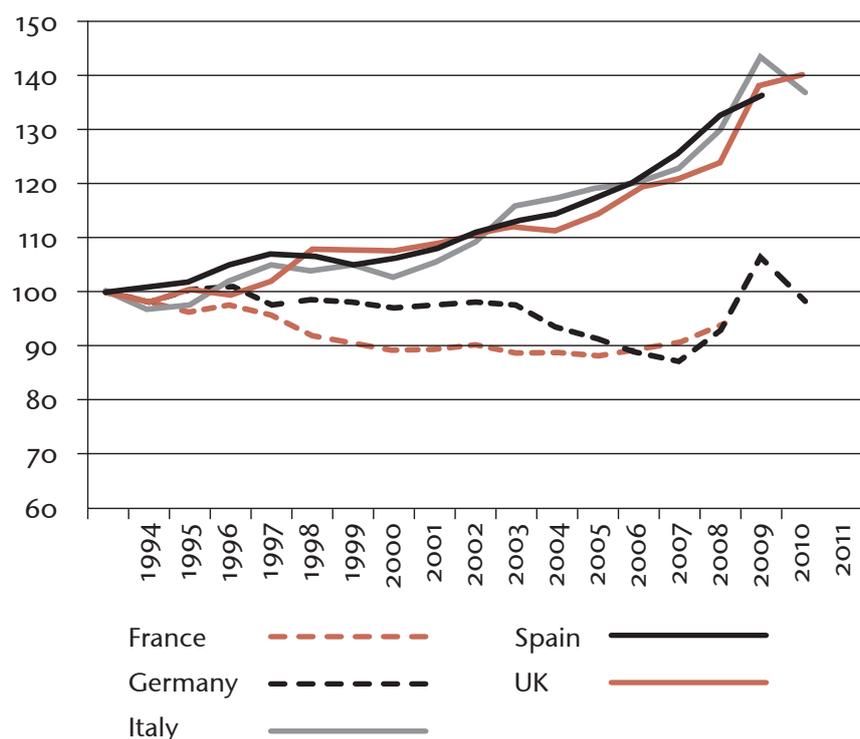
In France, a labour market reform was agreed by the new Socialist government with the employer associations and some of the trade unions in January 2013. While France was much less under European pressure, the reform was largely

inspired by the EU recommendations on ‘flexicurity’, something that the French had previously quite ostentatiously dismissed – until the crisis struck.

Further reading:
Meardi, G. (2011) Flexicurity Meets State Traditions’, *International Journal of Comparative Labour Law and Industrial Relations*, 27, 3, 255-270.

Guglielmo Meardi is completing, for Routledge, *Comparative Employment Relations in Europe: Work and Democracy under International Pressure*. A summary of the research is available on the IRRU website.

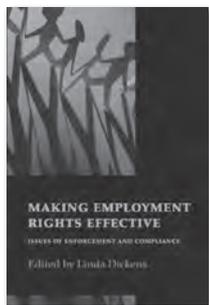
Evolution of Unit Labour Costs in Western Europe (1993=100) (data: OECD)



Research update

Recently published

IRRU staff produce a wide range of books, reports, articles, chapters for edited collections and other published outputs. During 2012, they published five new books engaging with important current issues. They indicate how the IRRU approach of focussing, through empirically grounded and theoretically informed research, on communication and negotiations between employers and employees allows insights on mechanisms that may help reassure and promote fairness, in particular through channels for employee voice, something that is becoming particularly important in the current economic crisis.



In *Making Employment Rights Effective: Issues of Enforcement and Compliance*, Hart Publishing, Linda Dickens and her co-authors explore the potential of alternative dispute resolution and of various regulatory

and non-regulatory approaches to securing compliance which could reduce reliance on employment tribunals without undermining fairness at the workplace. Particular attention is paid to the varied employment contexts within which employment rights operate – which are often neglected – and thus the different experiences among employers as well as employees. The challenge which the growth in legal rights poses for trade unions is also explored. This focus on the complex nature of the workplace and the book's engagement with the experience of enforcing rights in such areas as equality and health and safety enable important policy lessons to be drawn.

One reason why legal rights in the workplace are not easy to enforce relates to employees' reluctance and fear to express their grievances, especially at times of insecurity. As acknowledged recently by

Vince Cable, information and consultation of employees may be powerful instruments to provide employee voice and make organisations more responsive. A book by Mark Hall and John Purcell, *Consultation at Work: Regulation and Practice*, Oxford University Press,



looks specifically at the rights of information and consultation introduced into the UK since 2005, driven by EU regulation.

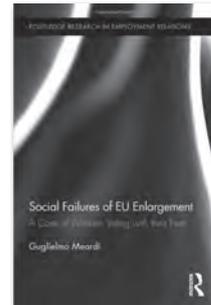
In the words of Ed Sweeney, the Chair of the Advisory, Conciliation and Arbitration Service, it is 'compulsory reading for CEOs, trade union general secretaries, policy makers and politicians alike', and the former TUC and European TUC General Secretary, John Monks, agrees that it 'shows there are better ways to run a firm and the UK economy'.

Discontent with the state of employee rights and with existing channels of consultation and information have pushed some British trade unions towards more 'aggressive' policies, largely inspired by the experience of 'organising' in the USA, and often in close link to new social movements such as 'Occupy'.



Melanie Simms' *Union Voices: Tactics and Tensions in UK Organizing*, written with Jane Holgate and Edmund Heery for Cornell University Press, comes at a moment when campaigning and protests against job losses and

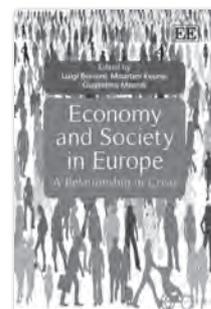
austerity multiply across Europe. Based on extensive empirical research the book unveils the contradictions and tensions present in many trade union organizing campaigns, but also their potentials to give voices to under-represented groups of workers.



Employee voice is also the over arching topic of Guglielmo Meardi's *Social Failures of EU Enlargement: A Case of Workers Voting with Their Feet*, Routledge.

Through changing regulations, multinational companies' relocations and a large migration wave, the EU enlargement of 2004-07 has contributed to feelings of insecurity and to political instability. According to extensive research throughout Central Europe, the fact that economic change of such magnitude has not been accompanied by effective mechanisms for social dialogue employee representation is causing a range of problems including poor organisational commitment and retention in the new member states, migrants' exploitation, and a rise of populism. Reviews have seen this as "an excellent book that addresses critically and engagingly many of the preconceptions surrounding the eastern enlargement of the European Union" (Industrial and Labor Relations Review) and an "Imaginative and plausible analysis of exactly what enlargement means for 'social Europe'" (British Journal of Industrial Relations).

The sensitive link between economy and society in Europe is also addressed by another recent book Guglielmo Meardi has recently co-edited with Luigi Burrioni and Maarten Keune, *Economy and Society in Europe: A Relationship in Crisis*, E Elgar. It includes chapters on flexicurity, on the state and industrial relations, and on trade unions and the crisis.



IRRU staff

Linda Dickens retired in 2012 after 41 very distinguished years of employment in IRRU, having been awarded an MBE for contributions to employment relations, and written some of the most important books on the legal regulation of employment and on equality practice and policy. She remains in IRRU as a Professor Emerita. Anne-Marie Greene, Alex Wilson, Heather Colling, Trevor Colling and Ardha Danieli also left during 2012. Professors Kim Hoque and Geoff Wood, Dr Juliane Reinecke and Dr Sophie Gamwell joined during the same period.

Academic and research staff

Deborah Dean
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Jimmy Donaghey
Manuela Galetto
Sophie Gamwell
Michel Goyer
Mark Hall
Kim Hoque
Paul Marginson
Guglielmo Meardi
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Jane Parker
Valeria Pulignano
John Purcell
Helen Rainbird
Monder Ram
Robert Taylor
David Winchester



WORK, EMPLOYMENT AND SOCIETY CONFERENCE 2013

States of Work:

*Visions and interpretations of work,
employment, society and the state
3-5 September 2013
University of Warwick*

IRRU, with other colleagues at Warwick and with the British Sociological Association and the *Work, Employment and Society Editorial Board*, will organise the WES Conference 2013 at the University of Warwick. Like the journal, the conference is sociologically oriented, but welcomes contributions from related fields.

The conference has an international focus and comes at a critical time for the study of work. Over the last few years, unprecedented state intervention in the economy and subsequent radical reform plans for the public sector and the welfare state have raised new questions on the ways work is socially regulated: the WES 2013 conference will bring together sociologists of work from across the globe to assess the evidence and consider the theoretical implications of changing relations between work, society and the state.

Confirmed speakers include Han Dongfang (China Labour Bulletin), Saskia Sassen (Columbia University) and Ruth Milkman (City University of New York).

Deadline for abstracts: 19th April 2013
Call for papers and registration:
<http://www.britisoc.co.uk/events/wes-conference-2013.aspx>

About IRRU

IRRU embraces the research activities of the industrial relations community in Warwick University's Business School (WBS). There are currently 16 academic and research staff in membership, plus a number of associate fellows.

Our work combines long-term fundamental research and short-term commissioned projects. In both instances, we maintain the independence and integrity which have been the hallmark of IRRU since its establishment in 1970. We aim thereby to improve the quality of data and analysis available to industrial relations policy-making by government, employers and trade unions.

IRRU's advisory committee includes senior representatives of the Advisory, Conciliation and Arbitration Service, the Chartered Institute of Personnel and Development, the Confederation of British Industry, the Department for Business, Innovation and Skills, and the Trades Union Congress.

IRRU's research projects are clustered around four main themes:

- Europeanisation and internationalisation of employment relations, including employment practice in multinational companies;
- equality, inequality and diversity in employment;
- evolving forms of employee representation and voice;
- legal regulation of the employment relationship.

Textbooks by IRRU staff on industrial relations and human resource management include:

Trevor Colling and Michael Terry (eds) *Industrial Relations: Theory and Practice* (3rd edn), Wiley, 2010

[Peter Boxall and] John Purcell, *Strategy and Human Resource Management* (3rd edn), Palgrave Macmillan, 2011

Keith Sisson, *Employment Relations Matters*, 2010, published online at: www2.warwick.ac.uk/fac/soc/wbs/research/irru/erm/

IRRU also publishes its own series of research papers – the Warwick Papers in Industrial Relations. These are available on-line at:

www2.warwick.ac.uk/fac/soc/wbs/research/irru/wpir/

In 2012, IRRU joined Twitter: @IRRUWarwick.

IRRU is the UK national centre for the network of EU-wide 'Observatories' operated by the European Foundation for the Improvement of Living and Working Conditions. The network embraces the European Industrial Relations Observatory (EIRO), the European Working Conditions Observatory (EWCO) and the European Restructuring Monitor (ERM). A consortium consisting of IRRU and the Institute for Employment Studies is also among a small group of European research institutes responsible for coordinating EU-wide comparative analytical reports for the three Observatories.

The three Observatories' databases are publicly accessible on-line at:

www.eurofound.europa.eu/eiro

www.eurofound.europa.eu/ewco/index.htm

www.eurofound.europa.eu/emcc/erm/index.php

Further information

Information on our current research programme and projects, and on recent papers and publications, is available from IRRU's website: www2.warwick.ac.uk/go/irru/

Alternatively, please contact Val Jephcott, IRRU Research Coordinator, Warwick Business School, University of Warwick, Coventry, CV4 7AL; email: irruoffice@wbs.ac.uk; phone: +44 (0)24 7652 4268

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