Organized Decentralization: The Backbone of Multi-level Bargaining?
A Cross-national Comparison of Variable Pay in the Banking Sector

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INTRODUCTION

Collective bargaining has been challenged by employer demands for more flexible employment terms, something which implies a process of decentralization of employment regulation to the company and its establishments. The most thoroughgoing (i.e. "unorganized") process of such decentralization results in the demise of multi-employer bargaining (MEB) in the form of either a shift to single-employer settlements or union derecognition and the breakdown of any collective regulation. In contrast to this, "organized" decentralization is commonly seen as the mechanism capable of reconciling flexibility at the workplace with MEB. The constituent property of organized decentralization is that the higher-level agreement deliberately delegates certain bargaining issues to the lower level, such that regulations can flexibly tailored to the specific needs of the distinct lower-level bargaining units. In the case of local industrial relations this means that the multi-employer agreement (MEA) sets a framework for negotiations between management and employee workplace representatives.

Since the mid-1980s almost all countries of continental Western Europe have embarked on organized decentralization, while MEB has withered away in the UK (Traxler et al. 2001). Over time, pressures for more employment flexibility have magnified in the context of slack labour markets and intensified competition in product markets. This has prompted the parties to MEB to continue with organized decentralization, giving increasing leeway for local negotiations. This is most evident from the extended agenda for organized decentralization. While this process was limited to working time during the 1980s, pay flexibility has become another important issue since the 1990s. Likewise, more degrees of freedom have been
attributed to the local parties. This implies the possibility of decentralization becoming so overwhelming that it lapses into an "unauthorized" process (Arrowsmith et al. 2003). For instance, some case studies of employment pacts in large German companies suggest that organized decentralization has more and more developed into a façade behind which the power relations between the bargaining levels have been reversed: Multi-employer settlements are argued to merely ratify what management and works councils have already agreed upon in the course of their negotiations (Hassel and Rehder 2001). If this analysis holds true for Germany, one may nevertheless question its relevance for other countries. Germany stands out in terms of the severe crisis of its bargaining system, which is mainly caused by the enormous problems of unification. This is evidenced by the strong decline in collective bargaining coverage from 82% in 1997 to 68% in 2005, which has no parallel in Western Europe. In face of highly integrated markets, however, one cannot rule out the possibility that Germany sets a trend that is already at work but still less visible in the other countries operating under MEB.

From a dynamic perspective, this would mean that organized decentralization turns out to be a self-defeating undertaking. Decentralization tendencies become so overwhelming that MEB loses control over the process. This loss of control is likely to become manifest in two ways. On the one hand, MEAs may degenerate into concession bargaining that simply echoes acquiescent "wildcat cooperation" of the employee representatives with management. On the other hand, their governance capacity may shrink in that a growing number of issues are regulated outside their remit. Decentralization when organized in formal terms would not essentially differ from its unorganized counterpart in actual outcomes. The structure of the paper is as follows: The first section explains the hypotheses and the research design. The next two sections present the empirical findings. The paper concludes by relating these findings to its hypotheses.

HYPOTHESES AND RESEARCH DESIGN

Pay flexibility is formalized by schemes which systematically link an employee's pay to performance of the individual, his/her team or company as a whole. Such variable pay systems (VPS) are commonly divided into three main forms (van het Kaar and Grünell 2001): Payment by results (PBR) refers to (quantitative) output criteria. Performance-related pay (PRP) rewards (qualitative) performance in the sense of the employees' (behavioural) merits
that are distinct from output performance. Finally, financial participation schemes relate pay to company performance, namely profitability. For this study, the special form of VPS is less relevant than their relationship to the interests of the two sides of industry and to collective bargaining.

VPS represent a clear employer interest, since they accommodate pay determination to the company’s willingness and ability to pay, in particular when they are an entire management prerogative, implying that VPS are operated unilaterally by management, with unconsolidated rewards that do not accumulate with and spill over to pay hikes in the future. Hence, there are two main axes along which the interests of the two sides of industry develop, when it comes to regulating variable pay: unilateral versus joint regulation, and consolidated versus unconsolidated rewards. Any consolidated form of VPS conforms to the employees’ interests. A special case is unilateral consolidation that may arise from custom and practices. According to labour law, extra remunerations (including variable pay) become consolidated in some countries, if they are repeatedly granted without explicitly declaring each of them as one-off payment.¹ Joint regulation of consolidated variable pay dominates the union interest, while employers will prioritize unilateral, unconsolidated schemes. Regardless of this, a compromise, arriving at either joint, consolidated or joint, unconsolidated schemes is possible. This is because pay relativities are a very delicate issue. They associate with basic questions of fairness that strongly affect the employees’ motivation and effort. Therefore, it may be rational for employers to take the unions on board and to embark on collective bargaining on VPS. However, the prospects for such compromise probably vary with the bargaining system.

This brings us to the paper’s hypotheses. There are three main forms of collective bargaining.

- Single-employer bargaining (SEB) whose domain embraces a certain company or business unit.
- “Articulated” MEB (Crouch 1993) that enables the bargainers to embark on organized decentralization in the sense outlined above.
- Unarticulated MEB (MEB) that is either single level or unrelated to joint regulation at local level.

The basic assumption is that SEB and unarticulated MEB are less able to govern VPS than articulated MEB. The weakness of unarticulated MEB is that it is so remote from the workplace that real wage developments cannot be controlled. There are two problems with SEB. By introducing a kind of VPS that largely excludes the unions from pay determination, management may hope that organized labour and collective bargaining will wither away

¹ Of our countries under examination (see below), this applies to Austria and Spain.
(Kessler and Purcell 2003). Alternatively, the threat of exit from collective bargaining may be used to extract (more) concessions from the unions. The other problem is that SEB faces a strategic disadvantage in wage negotiations. If management fixes a voluntary budget for VPS in advance of the bargaining round, then this threatens to squeeze out the budget for increases in the standard rate. None of these problems applies to articulated MEB. Due to its multi-level design, its regulations can be suited to local conditions. In comparison to SEB, anti-union strategies are less promising, since the purview of a MEA is not bound to union presence in the company. It is the pay hike fixed by the MEA that determines the leeway for local bargaining, such that increases in the standard rate crowd out budget for VPS rather than vice versa.

In the case of articulated MEB the ability to govern VPS is likely to be contingent on what type of employee workplace representatives is established. The main distinction is between dual and single-channel systems of employee representation. Dual systems rest on statutory employee workplace representatives, i.e. works councils, which are formally independent of the unions. In single-channel systems union representatives are the voice of labour at all levels of action. We hypothesize that it is more difficult for dual systems to synchronize bargaining over VPS across the different levels, since the existence of two formally distinct labour representatives creates more coordination problems, compared to single-channel systems.

The third hypothesis is that the capacity of the bargaining system for governing VPS depends on labour law and union strength, apart from the bargaining form. This follows from the above interest configuration. Employers will be more willing to jointly regulate VPS, if the unions are strong, and/or if statutory regulations supportive to collective bargaining in general and to articulation in particular exist.

These hypotheses have three implications for the research design. First, examining the governance capacity of collective bargaining raises three questions:

- Are a company's VPS covered by collective bargaining?
- If yes, is there an articulated multi-level system, composed of a multi-employer framework agreement and complementary local agreements?
- Do collective agreements on VPS consolidate the variable pay components into the employees' contractual pay? Consolidated pay constitutes the basis for further collective wage increases and is also pensionable. Insofar it differs from variable components paid "on top", such as one-off bonuses.

Second, the research design has to systematically capture differences in bargaining systems, as addressed by the hypotheses. A cross-national comparison maximizes institutional variety,
since industrial relations differ more across than within countries. Our comparison includes Austria, Norway, Spain and the UK, since they stand for Europe’s main systems of bargaining. Norway is an example of the "Nordic Model" whose properties are a "single-channel" multi-level bargaining system (Dølvik and Stokke 1998). Norway is also a paradigm case of bargaining based on union strength, since union density is comparatively high and organized industrial relations rest on "main agreements" between the two sides of industry rather than on statute. Austria represents the pattern of Western Central Europe. MEB is heavily backed by supportive legislation and supplemented by a "dual" system of employee representation (Traxler 1998). In both Norway and Austria multi-level bargaining is formally "articulated" (Crouch 1993), as local bargaining takes place under peace obligation according to either MEA (Norway) or labour law (Austria). According to Austrian labour law works councils are entitled to bargain over such employment terms as pay levels and pay schemes only, when being mandated by a MEA. This contrasts with the "Latin" pattern, represented here by Spain, which is characterized by a poorly articulated multi-level bargaining system, as higher-level bargainers cannot bind lower-level ones, in contrast to Austria and Norway. Despite some efforts launched by inter-industry agreements the bargaining levels still lack a clear hierarchical order and functional specialization. Aside from this, Spain combines a low level of unionization with labour law conducive to MEB (Nonell et al. 2006, Nonell and Molins 2007). This includes criteria for representativeness and statutory machinery to pervasively extent the purview of MEAs to employers outside the signatory employer associations. Finally, the UK has taken the route to unorganized decentralization and SEB as the standard pattern.

Third, one key question is how collective bargaining interacts with local industrial relations. This requires indepth analysis of what goes on in the companies. Such design limits the number of cases that can be studied. It is not easy to assess whether the findings from such qualitative case study approach can be taken as evidence of a general pattern. Since the countries selected cover a broad range of institutional settings, the problem of generalization arises from differences in economic contexts. Generally, pressures to make the employment terms more flexible presumably vary with issues and economic circumstances. Since we want to study the impact of institution relations institutions on the governance capacity of collective bargaining, we have to control for differences in flexibility pressures. To make our study a strong test case, it is reasonable to select the issues and economic context for this analysis such that related flexibility pressures are extraordinarily strong. The rationale of this design is that its findings can be seen as a critical proof of the institutional preconditions for effective
governance in general: If certain institutional factors ensure effective governance even under strong pressures for employment flexibility, then these factors are likely to prove effective in case of other issues and economic contexts which provoke weaker pressures.

As regards bargaining issues, our focus on VPS constitutes a critical proof. Pay is at the heart of the employment terms. If collective bargaining fails to control efforts to make pay more flexible, then it is certainly incapable of governing other flexibility issues as well. Another contextual factor refers to sectors. The incidence of VPS notably varies across sectors. As comparable studies show, VPS are particularly widespread in banking (Marginson et al. 2003, van het Kaar and Grünell 2001). One reason for this is that staff costs account for a significant proportion of operating costs (e.g. around 50% in Austria). The special importance of VPS to banking parallels industrial relations structures that are more particularistic and decentralized than the national standard. The sector's employer associations, for instance, have remained outside the inter-industry peak organizations in many countries (Traxler and Huemer 2007).

Of our countries under consideration, this applies to Austria and Norway. In the case of Austria, however, close links between the sector's associations and the principal peak exist. The distinct voluntary associations which altogether cover the banking sector have an agreement with the compulsory public-law peak, WKÖ, according to which WKÖ devolves the tasks of its subunits established for the banking sector to these voluntary associations. This includes collective bargaining. Shared leadership bind together the sector's voluntary and compulsory organizations. One finds also traits of particularism with regard to organized labour. Finansforbundet, the dominant labour union in the Norwegian financial sector, is not affiliated to the country's principal union confederation, LO. In the Spanish banking sector the unions have refrained from setting up works councils because they fear that a system of works councils that corresponded with the companies' differentiation into a multiplicity of branches would trigger a balkanization of labour relations (Miguélez et al. 1999). Instead, they formed more comprehensive union bodies at company level. In the UK the financial sector has had a long tradition of non-union staff associations. As Morris (1986) notes, in-house staff associations appealed to the employees since they only identified weakly with employees in other banks. Such attitudes may also explain why the Austrian collective agreement for the savings banks contains an unprecedented delegation clause. The agreement lists 12 banks, where management and works councils are authorized to conclude works agreements on matters (including pay issues) that otherwise remain within the purview of MEB according to law. Although these specificities are remarkable, they do not qualify the above institutional differences across the four countries. At the same time, they indicate that the sector's
industrial relations are subject to relatively strong centrifugal forces. Hence, the sector meets the requirements for a critical proof of bargaining. Put more specifically, this study focuses on banks which include retail banking as an important part of their operations. The companies were selected to take account of three economic factors which are hypothesized to affect the scale of flexibility pressures: size, ownership, and mode of banking. Anecdotal evidence suggests that the larger the company, the more frequent the use of VPS is (van het Kaar and Grüvell 2001). From an employer perspective, the benefits of differentiated pay rewards increase with growing size, while transaction costs (of developing, implementing and monitoring the schemes) decrease. Firm size is captured here as the number of employees. Ownership may impose on companies differential imperatives for flexibility through their impact on corporate governance. The main divide is between publicly quoted companies on the one hand, and savings banks (whose UK counterparts are the building societies) and banking cooperatives on the other. The latter are owned by their members, i.e. their customers, the employees, public authorities and non-profit organizations depending on the specific national regulations. Due to regulatory reforms in Austria and Norway savings banks have come closer to commercial banks in terms of financing and ownership. In Austria savings banks can be transformed into joint stock corporations. In Norway savings banks are entitled to incorporate external equity by issuing primary capital certificates, and can be converted into limited liability savings banks which are treated equally to a commercial bank. These regulations nevertheless enable the internal stakeholders to retain their predominance in corporate governance. Even when savings banks make use of these options, they are still shielded widely from shareholder pressures to which "commercial" banks listed on a stock exchange are exposed. Hence, commercial banks may pursue a more aggressive labour policy. In the case of the commercial banks we make a further distinction between companies mainly under domestic ownership and foreign ownership in order to control for strategies transferred from headquarters abroad to the subsidiary. In terms of banking mode, direct banks are captured as a special category. This is because their specific operations imply distinct employment practices (e.g. extended working hours), which may be difficult to integrate into the established labour regulations. As direct banking is a new business segment, new entrants may all the more prefer to stay outside organized industrial relations. For example, the direct banks in Germany usually are neither affiliated to the employer association nor covered by collective agreement (Marginson et al. 2003).

Our in-depth study embraces 24 banks (i.e. six from each of the four countries) which were selected according to the criteria delineated above (Table 1). Representatives of the
companies’ management and employee workplace representatives were interviewed in 2005/2006. Document analysis, statistical information, and interviews with representatives of the sector's unions and business associations complemented the interviews in the companies. The interviews were based on semi-structured questionnaires whose concepts, dimensions and issues were harmonized and validated across the four research teams which implemented the common research program in their country.

THE BANKING SECTOR: ECONOMIC TRENDS

For a long time banking belonged to the sectors sheltered from international competition. This put its stamp also on its employment practices which resembled the public sector in many respects, namely pronounced seniority-based pay and tall career ladders, as well as permanent employment which was sometimes endorsed in collective agreement. The collective agreement for Austria’s savings banks still obliges the companies to grant tenure to at least 70% of those of their employees achieving 10 years service.

From the late 1980s deregulation of product markets has markedly increased competition. New information technologies have rationalized both work organization and contacts with customers. This has paved the way for the rise of direct banks based on telephone and call centre operations, the internet, and more recently digital television access. All these innovations have had a large effect on retail banking. The coincidence of market deregulation and technological change has unleashed restructuring. As regards business activities, deregulation has blurred the traditional boundaries between the distinct subsectors of banking, such as commercial banks and savings banks, as well as the boundaries between banking and other segments of the broader financial sector (e.g. insurance and investment services). In response to this, the sector has seen large-scale mergers and acquisitions that have reached transnational scale meanwhile. In the two small countries of our sample especially, several large banks are now integrated into major, international groupings. In Norway such banks are usually part of a Nordic group, with Swedish or Danish parent companies. In Austria investments of German banks clearly prevailed, until in 2005 the Italian UniCredit took over the German HVB in tandem with one of the largest Austrian banks which had been part of the HVB group since 2000. In the two other countries foreign-owned banks are rather small. In 2004 they accounted only for 11% and 21% of the total number of employees in Spain and the UK (NACE 65), respectively. In all four countries the sector is fairly well concentrated. In terms of their share in total assets, the five biggest companies clearly dominate (Table 2).
Mergers and acquisitions, however, did not increase concentration in Norway and the UK. The number of branches fell, with the exception of Spain. A special development also characterizes the UK in that the segment of building societies has declined. In the wake of deregulation, many companies have disappeared through take-overs and demutualization based on the members’ vote to convert their building society into a publicly quoted company. No comparable development is reported for the savings banks of the three other countries. In Spain, in particular, the savings banks have outmatched their commercial counterparts in terms of economic growth. Altogether the savings banks record now more employees than the commercial banks, while employment of the former was little more than half of the latter in the mid-1990s. As in Spain, savings banks are among the five biggest banks in Austria and Norway.

Economic restructuring has substantially affected employment practices. The main reason for this is the sector’s profile as a service industry which brings human resource management to the forefront of business strategies. In quantitative terms, this reflects the scale of the pay bill. For instance in Austria, labour costs account for half of a bank’s total costs on average. The high pay bill is also associated with a generous pay policy that originates in times when the sector was widely protected. On average, the sector’s employees enjoy above-average compensation in all four countries. According to the Spanish 2004 pay survey the sector’s annual salaries were higher by factor 1.94 on average than the economy-wide average. For Austria, the comparable 2003 figure is 1.67. Market deregulation has forced the banks to curb labour costs. At the same time, deregulation and the new technologies have changed the sector’s job profiles. On the one hand, the number of routine jobs has decreased. On the other hand, there has been an upskilling trend, since qualified, multi-skilled staff is needed to offer diversified and customized products. Put in occupational terms, this means that clerical and secretarial occupations have declined, whereas the sales-related ones have gained in importance. As a consequence, competition for qualified young employees has intensified in all four countries, such that the companies face problems in recruiting and retaining them. There have been two main responses to these challenges.

- There have been reductions in staffing, often accompanied by centralization and outsourcing of tasks (Marginson and Sisson 2001). Reflecting the change in job profiles, these measures have mainly affected back office functions. In all four countries most of the reduction was peaceful by voluntary redundancy and early retirement schemes.
There have been efforts to make employment more flexible. As regards pay, the key issue has been to abandon or contain seniority-based increments in favour of performance- and market-related components. Grade systems have been another arena of reform initiatives for two reasons. First, job grades are linked to seniority, since they are traditionally subdivided into pay bands defined by length of service. Hence, seniority pay can be cut back by flattening the hierarchy of grades. Moreover, broader grades equip management with more leeway to rank the employees. Second, the changes in job profiles have also given an impetus to modernize the grade systems. All these measures help re-design the companies’ pay scheme towards variable pay.

BARGAINING OVER VARIABLE PAY

In their general comparative overview van het Kaar and Grünell (2001:1) note that VPS "are generally fiercely opposed by trade unions", although the issue "seems to become somewhat less controversial." Our findings suggest that the financial sector unions of the four countries have always taken a rather pragmatic stand. As several labour representatives explained, the unions have to be open-minded, because interests of their rank-and-file are not unequivocal: Many of the younger employees prefer performance-related pay schemes over seniority-based ones. Regardless, the interest in VPS is asymmetrical. In all of our countries management has been the driving force behind the introduction of VPS. These initiatives have met reservations from the unions. They fear that the shift to VPS may crowd out consolidated pay and undermine collective bargaining. There is also concern about the criteria for distributing variable pay, especially criteria linked to appraisal by supervisors, which are argued to lack intersubjectivity. This threatens to produce arbitrary ratings across the individual employees and also questions the reliability of the system as such. In several companies labour representatives suspect management of arriving at "forced" distributions, devised to make rewards compatible with a predetermined budget for VPS. Against this background, the unions are interested in controlling VPS by regulating their key parameters through collective bargaining. Above all, collective agreements should establish transparent performance criteria, ensure access to information on the implementation of VPS and its (distributional) effects, as well as set out limits to the share of variable pay in total pay, and/or consolidate variable remunerations into contractual pay. There is less interest in strong involvement in the implementation of VPS, namely the rating process, since its outcome may diverge from an employee’s expectations.
The following analysis shows how VPS actually relate to collective bargaining in the four countries. Basic information on their bargaining systems is arrayed in Table 3.

Austria

The bargaining system embraces five units which echo the differentiation of the sector by legal status of the banks: commercial banks, savings banks, the mortgage banks, the Raiffeisen cooperative banks, and the Volksbanken cooperative banks. For each of these groups a special subunit within the compulsory WKÖ exists, together with five parallel voluntary business associations. As outlined above, there are close links between these two types of associations. Formally, the voluntary associations are party to collective agreements, except for commercial banks where both the voluntary and the compulsory organization sign the agreements. This is to cover also the few banks not affiliated to the voluntary association. There is no need for the other four subsectors to form such alliance, since their voluntary associations organize any bank within their domain. In consequence, the sector’s aggregate bargaining coverage is 100%. The employer associations have only one union counterpart (GPA). 80% of the workforce is represented by a works council. For the annual pay bargaining round, the employer associations have formed a cartel. As regards qualitative matters, each subsector negotiates separately. Of these agreements the terms are most favourable to the employees of the savings banks. As noted, the savings banks agreement has entitled management and works councils of 12 savings banks (the so-called works agreement savings banks) to conduct local bargaining over a broad range of issues, including pay issues. Relative to the MEA, works agreements can fix only terms more favourable to the employees. The grade system is at the centre of the qualitative pay rules, as laid down by the MEAs. The grades are defined by skills requirements and job demands. Each grade is differentiated into several pay bands that are linked to the employees’ length of service. This system traditionally constitutes a tall hierarchy, with no less than a total number of 30 pay bands, such that it places special emphasis on seniority as a pay criterion. Employers have increasingly felt uncomfortable with this system that they criticize as being too rigid. Actual job profiles have moved away from the grades. The fact that wage drift is about 30% indicates that collective bargaining has largely lost its grip on actual wage movements.

Facing strong wage movements beyond control of collective bargaining, the bargaining parties agreed in the course of the 2001 pay bargaining round to enter negotiations over a new pay scheme. In 2005 an agreement could be reached for the savings banks. The old grade
system was replaced by 9 grades demarcated by new job classifications and skills requirements. The grades are framed by optional competence criteria which refer to behavioural merits. If a company does not wish to adopt them, its employees must pass the grades one year earlier than otherwise. Even under these circumstances, seniority pays less than under the old system. Alternatively, steps up on the grades system are contingent on meeting the related competence criteria. Performance rating is based on objectives agreed upon by the supervisor and the employee and a corresponding appraisal process. Grade-based pay increases are consolidated. The collective agreement provides also rules for variable pay supplements to the collective standard rate. They include an upper limit (i.e. 15% of an employee’s salary on average), all-encompassing coverage of the company’s staff, and the obligation to recurrently evaluate the system. VPS are understood as financial participation and PRP. Financial participation should be based on transparent criteria of company performance and should lead to an equal remuneration of all employees. PRP should rest on an annual talk in the course of which the supervisor and the employee should determine the objectives to be accomplished by the employee. These objectives should contain quantitative and qualitative criteria. Bonuses resulting from PRP may be recurrent rewards or one-off pay. The criteria for VPS and their evaluation be further specified by works agreements. So far, no collective agreement on the revision of pay schemes has been concluded for the four other subsectors, with the consequence that VPS remains outside the remit of their MEAs.

The case of company A2, a commercial large bank, exemplifies how this stalemate has driven actual pay schemes away from the provisions of the collective agreement. In 2001 A2 introduced a new job- and performance-related grade system, since the sector-wide system was seen as emphasizing seniority to much and resting on outdated job classifications. The company's system refers to the sector-wide system only insofar, as each grade of the company's system embraces a wage band whose lower limit is set by the corresponding minimum rate of the collective agreement, while the upper limit is the market rate, derived from benchmarking. Performance is repeatedly reviewed by the supervisors and addressed by an interview with the employee. This implies the possibility of downgrading in case of poor performance. Pay hikes set by the collective agreement may be "absorbed" (i.e. nullified) to the extent that they exceed the pay level of employees with poor performance. A2 also operates a bonus system that embraces quantitative (i.e. job-related) and qualitative (i.e. behavioural) criteria, which are applied to the individual employees on the basis of an interview the supervisors have to conduct with them. Bonus pay is not consolidated. A4, A5 and A6 run several schemes whose criteria vary with business units. In A3, a very small direct
bank, bonus payment is not formally regulated. In A1, one of the largest banks, the highly
decentralized and differentiated system is weakly formalized in that the supervisors have
considerable autonomy in interpreting the performance criteria. There are considerable
variations in whether VPS are regulated by works agreements. The main difference is
between commercial banks and savings banks. None of the former has a works agreement on
this issue. A5 and A6 are works agreement savings banks. All bonus schemes are covered by
a works agreement which, \textit{inter alia}, regulates the criteria and prescribes the performance
interview. Only a part of the schemes is covered by agreement in A6. Notably, A4 and A5 had
agreements already before the MEA on pay schemes was fixed. A special case is A1 which
formally was also a works agreement savings bank until 2004, while it has actually been a
hybrid, since it arose from several mergers of a savings bank with commercial banks. A1
never had a works agreement on VPS. This ensued not from weakness but from strength of
the works council as a consequence of its "golden share" in the bank's assets and relatively
high union density. According to the 1993 works agreement management was obliged to enter
an annual internal pay round, resulting in steps up on the pay scales of the grade system.
These consolidated pay increases were oriented towards several criteria such as job
responsibilities, behaviour and also factors unrelated to performance. Compared to the sector
agreement the employees enjoyed more favourable employment terms also in other respects
(e.g. working time) that were all fixed by works agreement. These generous provisions
crowded out performance-related pay, as their rather low share in total pay underscores (Table
3). In 2004 this situation prompted A1 to leave the employer association of savings banks and
to join the association of commercial banks, since this shift also enabled the bank to terminate
its works agreement.

\textit{Norway}

One single MEA covers the entire financial sector. The principal bargaining parties are FA for
employers and Finansforbundet for labour. There are two other LO unions of minor
importance to the sector. Their collective agreements copy those concluded by FA and
Finansforbundet. Overall, unionization is very high. Likewise, FA’s density is 100% of
traditional banking. Hence all banks are under MEB. In terms of employees coverage is 83%,
since managers are not covered. Originally, the agreements for the banking sector centred on
automatic, seniority-based wage increments. A system of pay scales was also established,
while relating it to jobs grades was left to the local level. MEB has always been
complemented by local bargaining. In response to deregulation and the bank crisis in the Nordic countries the employer association pressed for more decentralized wage setting and abandoning the seniority principle. An additional impetus to reform the system came from the formation of FA as the result of mergers of the associations for banking and insurance on both sides of industry in the late 1990s. In 2000 the bargaining parties reached a basic agreement on the harmonization of the provisions for banking and insurance and on a new more decentralized division of labour between the multi-employer and local level. MEB is still devised to negotiate yearly sector-wide pay increases which are fixed as adjustments of the level of the respective pay scale of 68 levels. They were so revised that automatic increments were reduced. The agreement sets the framework for local bargaining. This includes broadly defined criteria for local pay increases, such as qualification, job requirements and performance. Pay increases must be given as one or several steps on the pay scale. To specify the principles for pay adjustment, the agreement obliges the local parties to conclude a company agreement. The Employment Committee, composed of management and union representatives, is a consultative board on industrial relations issues. Within this framework the two parties also discuss and informally negotiate the pay budget available for the local pay round. The local unions must regularly be informed about pay developments in the companies. The local parties are obliged to choose between two models of company agreements. The traditional model is laid down by § 14.5 of the basic agreement. Accordingly, each employer should yearly examine each employee’s pay, so as to assess whether an individual pay hike should be granted in accordance with the criteria for increases. The Employment Committee must be consulted on these appraisals, while the final decision remains with management. Alternatively, the local parties may opt for the new pay-interview model which stipulates that the employer decides on individual increases in line with the related criteria on the basis of an annual interview on performance and pay which the supervisor conducts with each employee. The local union is not formally involved in this process, but coaches employees in interview matters and discusses criteria with management. Company agreements can specify both models. In the 2006 MEB round Finansforbundet expressed doubt that the pay-interview model worked well and called for an evaluation, while the model has been maintained as an option. Any kind of sector-wide or local pay increase fixed within this framework becomes usually consolidated into contractual pay, in line with union demands.

Of our cases, N1, N2 and N5 run the §14.5 model; N3 and N4 have the pay-interview model. There is no clear preference for either model. As regards the unions, this is remarkable, since
the pay interview does not formally involve them and also tends to bring about a more unequal wage structure. Union respondents from companies running this model put forward two main arguments in favour of it. In large companies it is hard to make sound comments on a multiplicity of employees. Pay interviews force the supervisors to enter a discussion on performance with the employees, something which is presumed to improve the quality of appraisal. A background factor may be the self-confidence of the unions in a context of high density and cooperative relations with management. N6 is a special case because management and the local union jointly persuaded the parties to sector bargaining to exempt the company from the purview of the basic agreement for two years, in combination with an evaluation procedure. During this period this meant full decentralization of the annual pay rounds on the basis of the pay-interview model. The company agreement includes clauses to ensure that any employee gets a pay increase and employees dissatisfied with their appraisal can appeal against the pay decision of management. The company’s aggregate pay increases presumably follow the national average. The companies operate also one or more unconsolidated VPS outside the MEA framework, namely sales-related and profit-related bonuses. The company agreements of N3, N4 and N5 cover all forms of VPS established. The agreement for N3 stipulates that the budget for bonuses should not exceed 20% of total pay, while at least 0.8% must be reserved for the pay interview. Employees are entitled to appeal to the HRM manager and the senior union representatives against the outcome of their pay interview. Such appeals, however, are extremely rare. At N4 the company agreement simply entitles management to use bonus schemes, with the obligation to give the union a list of one-off pay twice a year. According to the agreement for N5, any one-off payment, as practised in the company, is subject to the consensus of management and the union, which also has the right to propose employees. Likewise, the union is entitled to make proposals in connection with the § 14.5 pay increases. The union usually does so, and its proposals are normally accepted. In N2 the union informally influences drafting the proposals, before they are formally discussed in the Employment Committee. Uncovered VPS exist in N1, N2 and N4. In N2 the two parties disagree on whether the company agreement opens up for a sales-related bonus. The union of N2 has blocked management initiatives to increase the share of uncovered VPS.

Spain

MEB is differentiated into three bargaining units: commercial banks, savings banks and cooperative banks. Local wage bargaining is a more widespread practice across the savings
banks and cooperatives banks than across commercial banks. For each of the bargaining units a special employer association exists. The union system is rather fragmented and consists of industrial unions affiliated to the large inter-industry confederations (i.e. CCOO and UGT), and unaffiliated occupational unions specialized in managers and technical staff. Changes in job profiles have blurred the demarcation of these two types of unions. There is another union differentiation by territory in that regional unions of Galicia and the Basque Provinces are also present. Six unions engage in bargaining for commercial banks, and four do so for the savings banks. The smaller ones often do not sign the collective agreements reached by their major counterparts. Unionization is low. However, collective bargaining coverage is high due to membership strength of the employer associations and a recurrent practice of extending the purview of collective agreements to unaffiliated employers. As the sector’s major unions are linked to the inter-industry level of association through their affiliation to either CCOO or UGT, so are the employer associations for commercial banks and savings banks through their membership in CEOE. These affiliations integrate the sector into the inter-industry negotiations that occasionally take place. Such (non-binding) inter-industry agreements provide also principles for regulating variable pay at lower bargaining levels, insofar as these levels are expected to establish transparent criteria for variable pay, set a maximum of its share in total wages, ensure participation of the labour representatives in VPS, and to take account of sector- and company-specific circumstances. Aside from setting general pay increases in the course of regular bargaining rounds, the sector’s agreements have laid down clauses for profit-related pay.² For commercial banks the agreement stipulates that any employee receives extra pay of a minimum of one monthly salary up to a maximum of 3.75 salaries, depending on the amount of dividends paid to the bank’s shareholders. The corresponding clause for savings banks sets a minimum of 1.5 and a maximum of 2.5, referring to the bank’s "administrative profits". Notably, the banks must always pay the minimum, regardless of their performance. Foreign-owned (commercial) banks are obliged to pay the maximum in any case. These profit-related payments are consolidated. Although the criteria for participation look very operational, union representatives complain that they are bypassed by bank groups. Their network enables the subsidiaries to remunerate their shareholders by rewards other than dividends, with a correspondingly dampening effect on extra payments. Whilst these clauses meet some of the principles of the inter-industry agreements, this does not ensue from articulation, as the sector’s profit-related schemes had

² They also prescribe extra "productivity-related" payment that, however, is fixed and insensitive to performance (i.e. 0.5 and 2.0 of an employee’s monthly salary for commercial banks and savings banks, respectively).
been endorsed years before the inter-industry agreements were concluded. None of the principles relevant for the local level has been implemented by sector MEB.

Job grades have been a major bargaining issue, with implications for variable pay. The original regulation by the Ordenanzas Laborales, dating back to the Franco regime, had maintained an elaborate, seniority-based hierarchy of narrowly demarcated jobs. It was abolished by law in 1994. New systems were introduced by MEA for commercial banks and savings banks in 1996 and 2003, respectively. In comparison to the old system, the number of grades was reduced to 11 for commercial banks and to 18 for savings banks, with broader job demarcations. Both agreements grouped the grades in two main categories, whose definition differs with the respective agreement. The system’s governance capacity is poor. The grades are so broadly defined that management finds considerable leeway to use the individual classification of the employees as an informal reward mechanism (Verd and Pérez 2004). Unions criticize that this has made decisions on promotion a management prerogative. Moreover, many banks developed their own career ladders, with no systematic relationship to the sector-wide grades system.

Non of the six company cases has an agreement on VPS which are thus under entire management control. As a rule, they are appraisal-based. All companies run two types of VPS, one resulting in consolidated pay due to recurrent (i.e. monthly) payment, and the other being unconsolidated one-off payment. The consolidating effect is limited as a result of widespread practices of "absorption". This means that an increase in the collective minimum rate remains invalid as long as an employee’s actual salary is above this rate. Apart from cost containment, absorption is also a vehicle for making pay variable in that increases in the minimum rate are nullified for poorly rated employees, if the increases would raise the actual salary level. This implies that wage drift is rather high, something which is underpinned by the fact that many VPS have a mechanism to adjust the salaries to the market rate. The company agreement for E4 guarantees a minimum wage drift of 15%. Consistent with the absence of formal agreements, the unions lack any actual influence on VPS. Adversarial labour relations form part of the situation. Union representatives generally criticize that management does not inform about VPS whose criteria are seen as intransparent. Union representatives from E1 and E2 complain that VPS are operated in a way that discriminate against union officials by means of poor appraisal ratings, limited career opportunities, or exclusion from VPS coverage. In 2005, however, a company agreement for E2 extended VPS to union officials.
MEB, which set basic rates of pay and conditions for the major clearing banks, ended in 1987, when the British Bankers' Association withdrew from bargaining (Upchurch et al. 2004, Marginson et al. 2003b). Subsequently, collective bargaining has been on a single-employer basis, with company-level bargaining being most frequent (Brown et al. 2000). Several banks have devolved collective bargaining further to business units. Collective bargaining coverage is markedly lower than in the three other countries. Only 35.6% of employees are covered by collective pay agreements. The major banks generally recognize trade unions for the purposes of collective bargaining, even though part of their workforce, such as managerial-grade employees and IT staff (that increasingly has separate collective agreements) might be excluded. 51% of employees work in a workplace, where a trade union is present. Figures for retail banking are likely to be higher. Union density for NACE 65-7 in 2003 was 26%. The main trade union in the finance sector is the general union Amicus after its 2004 merger with UNIFI which was Europe's largest specialist finance sector union representing some 160,000 workers in over 400 employers across the finance sector. Now multi-unionism is rare. The most significant independent unions are Lloyds and TSB Group union (LTU) and the Nationwide Group Staff Union (NGSU). LTU is not affiliated to the TUC, has over 45,000 members in Lloyds TSB, Scottish Widows, Cheltenham and Gloucester Building Society, Alex Lawrie and other companies within the Lloyds TSB group. LTU competes directly with Amicus for members and it is particularly well represented among senior clerical and management grades. NGSU, formerly a staff association, is a union at Nationwide Building Society. It has some 12,500 members and over 70% density.

In terms of collective bargaining agenda, PRP has been a key means of culture change within the sector. Until the late 1980s it was traditionally used as a merit payment above the annual pay hike based on incremental pay scales. They have been replaced by well-developed VPS. Most banks have sought to maintain a ‘partnership’ relation with the unions in order to manage the process of change (Upchurch et al. 2004). This could be suggested to be because of the banks’ fear for not just strike action but also a loss of reputation and customer goodwill. Nevertheless, it is anticipated that VPS may cause more turbulent industrial relations in the future. There have been two strike ballots in 2005 at HSBC and LTSB. The HSBC dispute was concerned with the level of the pay offer and changes to the bonus scheme, which disadvantaged long service staff as a link to salary was removed. Amicus estimates that 10 per cent of HSBC employees would get no pay rise at all in 2005 and a further 45 per cent...
would get below inflation. At LTSB, the union estimates that up to 8,000 employees will be
affected by zero pay awards for high performing staff on the top of their pay scales.
Outsourcing, new patterns of working and job grading, and continuous training have been
other key agenda for collective bargaining. In comparison to the three other countries, the
trend towards outsourcing seems to be more accentuated. Therefore, union priorities on job
security might explain special downward pressure on pay despite record profit levels.
This pressure also overshadows bargaining in the companies selected for case study. In all
cases collective bargaining is at company level. Multi-union presence results in separate
negotiations and agreements with each of the unions. This involves UK3 and UK4, with three
and two agreements, respectively. In all companies collective bargaining is linked to merit
pay. This means that collective agreements set a percentage increase of the overall pay pot.
The distribution of this pot among the employees is variable in that individual pay rises vary
with the outcome of appraisal-based performance ratings that refer to behavioural aspects,
competency (i.e. job profiles and skills development), and achievement of certain business
objectives. These criteria are often complemented by reference to the market rate for different
jobs, which is assessed by means of external benchmarking. Pay rises that accrue from the pay
pot are consolidated. In UK1 and UK3, however, any increase that takes the salary over the
pay range maximum is paid as an unconsolidated lump sum, capped at RPI in UK3.
In UK1, UK2, UK3 and UK6 collective bargaining extends to distribution agreeing what pay
rise each rating should get. In these circumstances, the union priority is to maximize the
number of employees who get at least RPI. The unions have been generally so successful that
leeway for actual pay differentiation is reported to be rather limited. For instance at UK3, the
value of the 2005 pay pot was 3.5%, and RPI was at 2.9%. As a rule of thumb, this implied
that c. 17% of the aggregate increase were available for appraisal-related increases. However,
the portion for such increases is relatively low also in UK4 and UK5, where the distribution is
not negotiable. In UK4 individual performance rating accounts for 25% of total salary
increase budget. UK6 is the only company where management wants to extend the possibility
of discretionary ratings. By contrast, UK5 management even tried to phase out existing PRP
for sales and customer representatives. The management’s argument is that this rate is
consolidated, such that it cannot be removed, if the employee does not continue to perform.
This may also explain why the unions’ tendency to squeeze the variable element out of the
pay pot meets generally little resistance from management. As an alternative, management
has increasingly resorted to bonuses that are neither consolidated nor covered by collective
agreements, while collective pay rises are standardized around inflation. In comparison to the
negotiated merit pay, bonus systems refer not only to performance but also to results such as sales. The systems are highly differentiated by business units, jobs and hierarchical level, with the consequence that the companies have 20-30 different schemes in operation.

COMPARATIVE CONCLUSIONS

The focus of this study is on whether differences in collective bargaining systems result in different capacity for governing VPS. This governance capacity may be measured in the following dimensions of a company’s pattern of VPS: the share of VPS in a company’s total pay; the share of VPS uncovered by collective agreements relative to total VPS; and the share of unconsolidated VPS in total and uncovered VPS (Table 1). Aside from the bargaining system, the pattern of VPS may also be influenced by economic factors. Hence, we have to assess the effect of these factors against the bargaining systems. This can be done by comparing the cases within each country, such that differences in systems across countries are kept constant. In terms of economic factors, the cases were selected to take account of firm size, direct banking and ownership/corporate governance. In contrast to our expectations, firm size and direct banking do not have a systematic impact on the VPS pattern. Foreign ownership intervened into the relationship between VPS and collective bargaining in two cases. Pressures of its ailing parent company to increase its profitability paved the way for the decision of A1 to shift from the collective agreement for savings banks to that of the commercial banks, so as to get rid of its generous works agreement that was bound to its status of a savings bank. At N6, the joint move of management and the local union for full decentralization of pay bargaining was inspired by the bargaining system of its Swedish parent company. As regards the distinction between commercial banks and savings banks, no difference in VPS patterns is either reported or evident from Table 1 in the case of Norway. For the UK, some business representatives suggested that building societies offer employees more favourable terms (e.g. a higher share in consolidated pay). This is not supported by our cases. The two types of banks differ in the expected way in Austria and Spain. This, however, holds true for Spain primarily in terms of pay levels. In Austria the difference lies in qualitative employment terms and, in the new framework agreement on VPS for savings banks. These differences reflect corresponding demarcations of the bargaining units. In contrast to Norway and the UK, separate MEAs for the two types of banks are concluded in Austria and Spain.
This brings us to the effects of the bargaining system and to the crossnational comparison. As Table 1 reveals, each country is characterized by a distinct VPS pattern that can be traced to its bargaining system. Of the four countries, Norway records the lowest figures in all dimensions. The low share of VPS in total pay emanates from the ability of MEB to control real pay movements. Its percentage increases in salaries refer to actual pay in the company in that the sector pay agreement incorporates the previous local pay increases into its basis for the sector-wide pay rise. The low proportion of uncovered and unconsolidated VPS results from the articulated, single-channel system of multi-level bargaining. Unconsolidated pay components are fixed outside the regular local pay bargaining rounds. The company agreements set a framework for them to varying degrees. Our cases include complete coverage, partial coverage as well as non-coverage. Austria comes second in terms of low proportion of VPS.\(^3\) The relationship of bargaining to VPS is bifurcated, following its differentiation by type of banks. There is no agreement on VPS for commercial banks at multi-employer and local level. Hence, any VPS is both uncovered and unconsolidated. The 2005 agreement for savings banks provides a framework for VPS, including devolution of further regulations to works agreement. By setting a ceiling for VPS and addressing any kind of VPS, this MEA is more ambitious than its Norwegian counterpart. At the same time, the former is less articulated than the latter in practice: At A4 the proportion of VPS considerably exceeds the ceiling. At A6 certain forms of VPS remain uncovered by the works agreement. This reflects differences in how the union and the works councils interpret the MEA. As the works councillor interviewed at A6 emphasized, the agreement's clauses on VPS are recommendations. By contrast, the union officials insist on their binding character. This finding underscores the coordination problems that signify dual systems. Even though all works councils of the companies studied are unionized and some are also represented on the union's MEB committee, their actions do not fully coincide with union goals. This is because their primary role as works councillors equips them with legitimacy and funds independently of the union organization. The Spanish companies rank first in terms of high proportion of VPS and non-coverage. This is because MEB combines with a system of union workplace representation that lacks influence on the company's pay policies. Characteristically, Spain is the only country, where the MEAs contain substantive clauses on VPS. Since articulation is lacking and local labour representatives are powerless in VPS matters, such clauses are the

\(^{\text{3 Given strong wage drift, this is amazing. Nevertheless, the shares of VPS are low, since there is a tendency to offer key employee groups individual contracts at the market rate. Extra pay has become consolidated as customs and practices in many cases. Furthermore, there are local pay bargaining rounds especially in the works agreement savings banks. For this group, the MEA also relates its pay hikes to the pay levels endorsed by the works agreements.}}\)
only possibility of joint regulation of VPS. However, their impact on real pay is limited for two reasons. On the one hand, the MEAs set only minimum rates; on the other hand, they are countered by widespread management practices of "absorbing" multi-employer pay increases. Despite these weaknesses the share of unconsolidated VPS is not far higher than in Austria on average, as a result of frequent unilateral consolidation. Since virtually all of the pay increase set by SEB in the UK companies is awarded as merit pay, VPS are all-encompassing, whilst a fixed component of collective pay hikes is standard in the three other countries. Yet this variability is constrained in two respects. The unions are often able to ensure a minimum pay increase at RPI for most employees. Furthermore, the lion's share in collective pay hikes is consolidated. This has induced management to introduce unconsolidated VPS beyond the reach of SEB. Their share is higher than in the other countries. Moreover, the logic of SEB enables management to use uncovered VPS as a means of suppressing increases in consolidated pay. In UK6, for example, the announcement of the budget for uncovered VPS and the pay negotiations occur after the business results are communicated. The consequences of such interplay are spelt out in the union statement on the 2005/2006 pay settlement at UK2: "The" company "is aware that" the union "has accepted the revised offer reluctantly, fully aware of the lack of room to deliver anything better because of already decided bonus arrangements".

Overall, these findings confirm our hypotheses. It is, however, hard to disentangle the effects of each single component of the bargaining system. While the specific effect of labour law is evident, the relative impact of the bargaining form and union density is less visible, because they strongly correlate across the countries. Within-country comparison shows that the companies' VPS patterns do not systematically vary with union density. This suggests that union density works as a background factor that interacts with the bargaining form: The degree of MEB articulation increases with sector union density. In addition to the crossnational comparison, this is also underpinned by the differences between the subsector bargaining systems in Austria. MEB is articulated only for the savings banks, where union density is above sector average, with c. 67%.

These findings enable us also to discuss the interplay of VPS and collective bargaining from a dynamic perspective. As noted, this raises two issues: concession bargaining and declining coverage. Collective agreements have commonly converted incremental pay increases into VPS. Although management has initiated this development, it is not simply a union concession, since many of the younger employees prefer performance-related schemes over

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4 Local union activity may more important when it comes to controlling correct implementation of VPS. As a union respondent of UK5 put it, any bonus issue ever brought to union attention has been rectified.
seniority-based ones. More challenging is the management interest in boosting uncovered, unconsolidated VPS, which is reported for all countries.\(^5\) It is no mere coincidence that the union respondents from Spain and the UK are most worried about this development, regarding it as an erosion of collective bargaining. In Spain MEB tends to become hollowed out by disconnected pay policy of the companies. In the UK the problem is that uncovered VPS threaten to squeeze out leeway for collective pay bargaining. For the above reasons, the articulated systems of Austria and Norway are less vulnerable to these tendencies, although they are under strain as well, as the breakaway of A1 from the MEA for savings banks demonstrates. In response to the transformation of N2 into a European company, the local union for some time considered leaving Finansforbundet and to form an independent transnational company union together with the local unions of the branches abroad.

On balance, the Norwegian type of articulation seems to be better prepared to cope with these challenges, since its single-channel system empowers the union to instrumentalize bargaining decentralization for organizing members. There is a selective incentive for unionization built into the system, since union members enjoy union support in and advise on their pay interview. A similar incentive emanates from union involvement in the §14.5 procedure. Distributive effects in favour of union members are evident from our cases: Complete decentralization at N6 led to above-average pay increases for women and union members. The local union of N5 sees its strong involvement in the individual distribution of the local pay budget as a decisive incentive for membership. In these circumstances, high unionization and decentralization become interdependent. High unionization makes organized decentralization more governable, while decentralization buttresses union strength. This interplay is important because the unions have to bear the full burden of keeping pay decentralization organized. Within an articulated single-channel system organized decentralization may thus be self-reinforcing rather than self-defeating.

\(^5\) In Norway unconsolidated VPS increased on average from 3.5% of monthly pay in 2003 to 8% in 2006.
<table>
<thead>
<tr>
<th>Company</th>
<th>Company size</th>
<th>Ownership; banking mode</th>
<th>VPS as % of average earnings*</th>
<th>total wage bill*</th>
<th>VPS uncovered by collective agreement as % of average earnings*+</th>
<th>total wage bill*+</th>
<th>UD/ number of unions</th>
<th>EA member</th>
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Notes: * Unconsolidated pay share in parentheses; pay components reserved for employee funds excluded from consideration; + In case of articulated bargaining (Table 2) figures refer to the local agreements; UD = Union density; EA = Employer association; a Profit-sharing scheme (uncovered) excluded; b Three unions; c Two largest unions; d Two unions; e Full-time equivalents
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<td>49</td>
<td>47</td>
<td>41</td>
</tr>
<tr>
<td><strong>Number of branches</strong></td>
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<tr>
<td>Austria</td>
<td>4,500</td>
<td>4,700</td>
<td>4,400</td>
</tr>
<tr>
<td>Norway</td>
<td>1,800</td>
<td>1,600</td>
<td>1,200</td>
</tr>
<tr>
<td>Spain</td>
<td>35,200</td>
<td>36,800&lt;sup&gt;a&lt;/sup&gt;*</td>
<td>40,300&lt;sup&gt;b&lt;/sup&gt;*</td>
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<tr>
<td>UK</td>
<td>19,000</td>
<td>14,300</td>
<td>12,900</td>
</tr>
<tr>
<td><strong>Employment</strong></td>
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<tr>
<td>Austria</td>
<td>72,000&lt;sup&gt;*&lt;/sup&gt;</td>
<td>76,000&lt;sup&gt;*&lt;/sup&gt;</td>
<td>75,000&lt;sup&gt;*&lt;/sup&gt;</td>
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<tr>
<td>Norway</td>
<td>31,000</td>
<td>24,000</td>
<td>22,000</td>
</tr>
<tr>
<td>Spain</td>
<td>252,000</td>
<td>242,000</td>
<td>239,000</td>
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<tr>
<td>UK</td>
<td>423,000</td>
<td>360,000</td>
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</tbody>
</table>

<sup>a</sup> 1996   <sup>b</sup> 2004   <sup>c</sup> Share of 5 largest banks in total assets   * National sources

<table>
<thead>
<tr>
<th>Country</th>
<th>Bargaining form</th>
<th>Principal bargaining unit(s)</th>
<th>Principal parties (employer associations; unions)</th>
<th>Local employee representation</th>
<th>Collective bargaining coverage</th>
<th>Aggregate union density</th>
<th>Aggregate employer density</th>
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<tbody>
<tr>
<td>Austria</td>
<td>Multi-employer; subsector; articulated multi-level for savings banks</td>
<td>Five subsectors</td>
<td>Employer associations of the five subsectors; GPA</td>
<td>Dual (works councils)</td>
<td>100</td>
<td>47</td>
<td>100</td>
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<td>Multi-employer; suprasector; articulated multi-level</td>
<td>Financial sector</td>
<td>FA; Finansforbundet</td>
<td>Union-based single channel</td>
<td>83</td>
<td>79</td>
<td>100</td>
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<td>Spain</td>
<td>Multi-employer; subsector; unarticulated multi-level for savings banks and cooperative banks</td>
<td>Three subsectors</td>
<td>Employer associations of the three subsectors; COMFIA-CCOO, FES-UGT</td>
<td>Union-based single channel</td>
<td>≥ 97</td>
<td>22.5</td>
<td>97</td>
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<tr>
<td>UK</td>
<td>Single-employer</td>
<td>Mainly company ; Amicus</td>
<td>Union-based single channel</td>
<td>43*</td>
<td>33*</td>
<td>0</td>
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</table>

* 2003
REFERENCES


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