

# Labour Relations in Europe

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# Frames of Reference

- Within Europe we can distinguish four broad frames of reference or political orientations when it comes to labour relations:
  - “**Unitary**” – “we are all in this together”;
  - “**Pluralist**” – a business is a coalition of multiple stakeholders with many interests in common but with some that are divergent – even opposed.
  - “**Class war**” – employers and workers are in a constant battle – they have no interests in common.
  - “**Catholic**” – businesses, like the wider society, are a partnership between different classes, each with their respective role to play.



# “European” Language of Labour Relations

- “Social Partnership”
- “Social Dialogue”
- “Sectoral Social Dialogue”
- “Subsidiarity”
- “Information and Consultation”
- “Equality + Non-Discrimination”





# Similar...Yet Different

- Looked at from the US or from Asia, European employee relations often appear homogenous:
  - Strong and influential trade unions
  - Works councils and other forms of employee representation (board-level participation)
  - Extensive employment laws which make change difficult (including individual dismissals)
- The similarities, however, conceal major differences
- With Europe, there are five different employee relations systems

So, Europe Does  
Not Have One  
System of  
Labour Relations



# Rhineland System



# Rhineland System

- The role of the law
  - An extensive legal framework, but with considerable autonomy for the social partners
  - The state, by and large, does not interfere in wage bargaining, but is involved in setting the legal “rules of the game”
  - Collective agreements tend to be binding on the parties to the agreements – with a strong peace obligation
- Unions
  - In German and Austria there is one, dominant union federation
  - In the Netherlands and Belgium they are divided along political/religious lines – though the differences are a lot weaker than they used to be
- Workplace employee representation
  - Works councils based on legislation + board level participation in some countries



# Latin System



# Latin System

- The role of the law
  - The law tends to take precedence over collective bargaining because of the strong role of the state in economic and industrial matters
  - Collective bargaining agreements can be extended by law to cover all employees in a business sector
  - Strikes are more common than in the Rhineland system – there is generally a constitutional right to strike. But a great number of strikes are, in reality, political demonstrations.
- Unions
  - Unions are (often deeply) divided along political/religious lines
- Workplace employee representation
  - Works councils based on legislation/collective agreement
  - There is also a trade union workplace presence
  - In Italy, the *RSU*, a combined trade union group, is the main employee representative body

# Nordic System



# Nordic System

- The role of the law
  - Collective bargaining takes precedence over the law. The national industrial relations framework results mainly from national-level agreements between the unions and the employers
  - Because of the extent of union coverage wage agreements tend to be binding across sectors
  - The “peace” obligation is quite strong
- Unions
  - Generally organised along occupational lines (blue/white collar)
- Workplace employee representation
  - The trade unions are the main channel of employee representation. Their workplace role is defined by national union/employer agreements.

# Anglo-Irish System





# Anglo-Irish System

- The role of the law
  - Historically, characterised by “voluntarism” – i.e. the absence of the law from the field of employee relations
  - Unions/employers were left to regulate the employment relationship, generally at enterprise level
- Unions
  - In both Ireland and the UK, there is one overall union federation.
  - Historically, unions organised on occupational lines, but now “super-unions” have emerged providing for all types of employees
- Workplace employee representation
  - Uniquely, in the Europe of the 15, employee representation in the workplace was based on an employer voluntarily recognising a trade union. Where a union was not recognised employees had no legal right to representation. Since 1997, the UK has had a system of statutory recognition in place.

Central +  
Eastern  
Europe

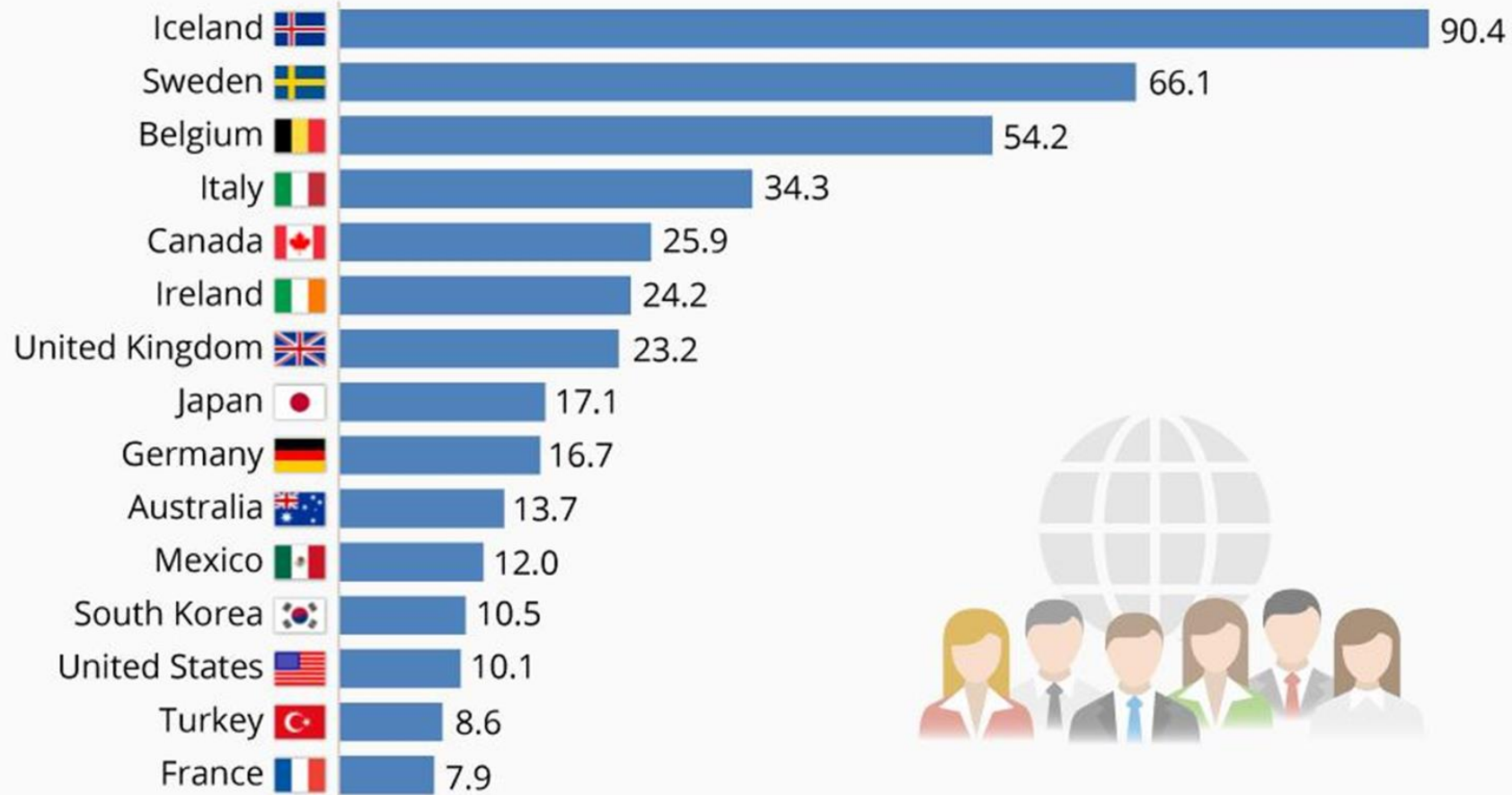


# Central + Eastern Europe

- Employee relations systems completely collapsed after the fall of the Berlin Wall
- Trade union membership – once close to 100% of the workforce - has fallen like a stone
- What laws exist are mostly based on the European Union's body of employment laws
- No desire on the part of employers to create a strong employee relations system
- Labour relations in Central and Eastern Europe increasingly resemble those of the Anglo-Irish system.

# The State Of Global Trade Union Membership

Trade union membership as a percentage of total employees\*



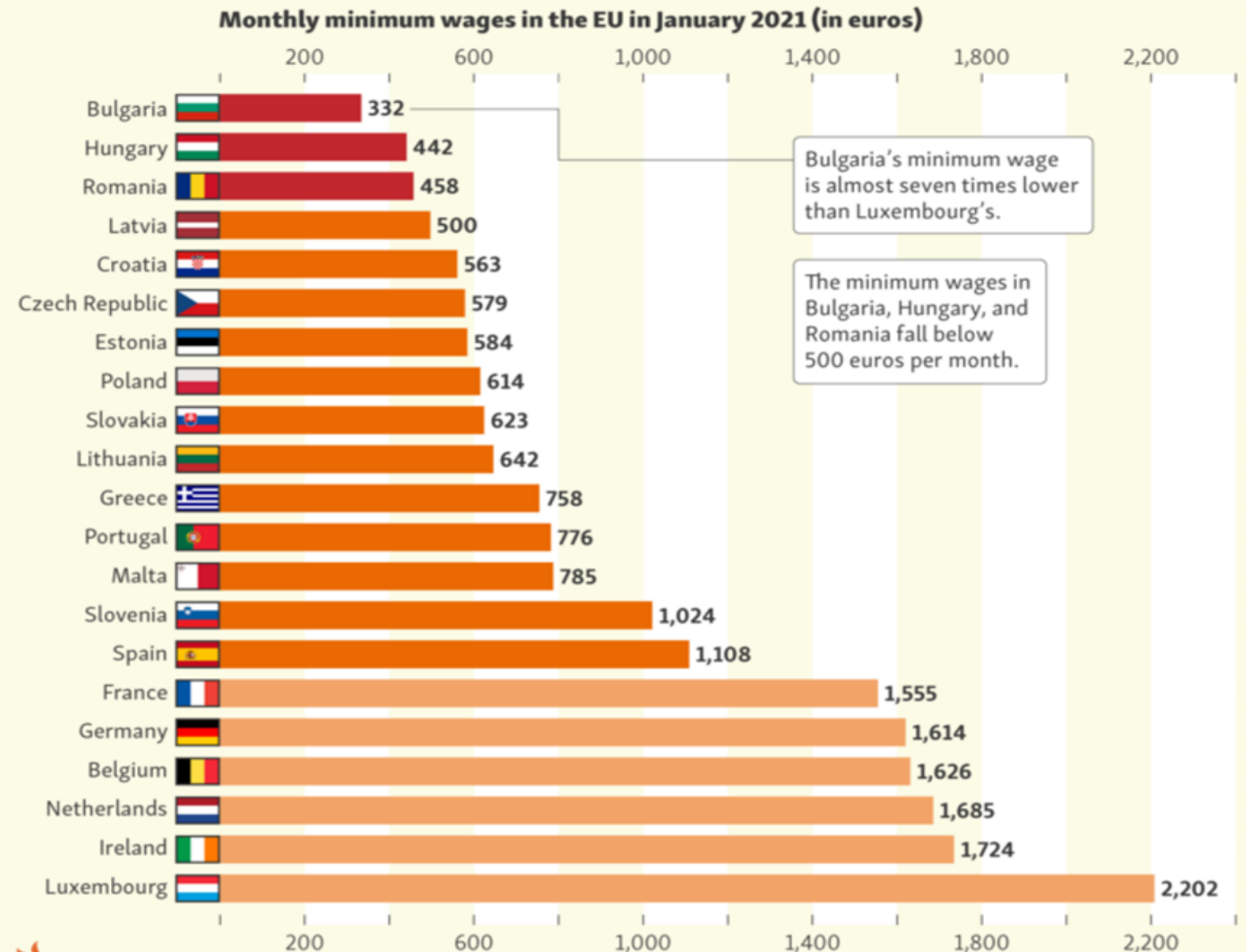
# TRADE UNION DENSITY

| <i>COUNTRY</i> | <i>DENSITY</i> | <i>COUNTRY</i> | <i>DENSITY</i> |
|----------------|----------------|----------------|----------------|
| DENMARK        | 80%            | UK             | 28%            |
| SWEDEN         | 78%            | NETHERLANDS    | 25%            |
| FINLAND        | 74%            | CZECH REP.     | 22%            |
| CYPRUS         | 70%            | GERMANY        | 20%            |
| MALTA          | 59%            | GREECE         | 20%            |
| BELGIUM        | 51%            | HUNGARY        | 17%            |
| LUXEMBOURG     | 46%            | POLAND         | 17%            |
| SLOVENIA       | 44%            | PORTUGAL       | 17%            |
| IRELAND        | 36%            | LATVIA         | 16%            |
| ITALY          | 34%            | SPAIN          | 16%            |
| AUSTRIA        | 32%            | LITHUANIA      | 13%            |
| SLOVAKIA       | 31%            | ESTONIA        | 12%            |
|                |                | FRANCE         | 8%             |



# Minimum Wages Across The EU

Wages in Bulgaria, Hungary, and Romania are the lowest in the European Union.



<http://www.worker-participation.eu/National-Industrial-Relations/Map-of-European-Industrial-Relations>

| FACTFILE   | OLIVE BELT   | NORTHERN EUROPEAN  | VOLUNTARIST   | NORDIC                                    |
|--|--|--|---|---|
| Countries  | France, Greece, Italy, Portugal, Spain<br>◀ Belgium ▶<br>◀ Romania | Austria, Germany, Liechtenstein, Netherlands, Slovenia, Luxembourg<br>◀ Czech Republic ▶<br>◀ Slovakia ▶ | ◀ Hungary ▶<br>Bulgaria, Cyprus, Estonia, Latvia, Lithuania, Malta, Poland, Ireland, United Kingdom | Denmark, Finland, Iceland, Norway, Sweden |
| Trade union density                                    | LOW (<20%) except Belgium (c50%) and Italy (35%)                   | MEDIUM (20% - 40%)   | MEDIUM (20% - 40%)<br>LOW (<20%) Estonia, Latvia, Lithuania<br>HIGH (50%) Malta and Cyprus          | HIGH (>60%)                               |
| Union profile  | Ideological/religious  | Industry based   | General "catch-all"   | Blue/white collar                         |
| Collective Bargaining level                            | Mixed sectoral and enterprise                                      | Sectoral   | Enterprise  | Sectoral                                  |
| Collective Bargaining coverage                         | HIGH (>80%)<br>Through state extensions of bargained outcomes      | HIGH (>80%)  | LOW (<30%)<br>Malta and Cyprus c50%   | HIGH (.80%)                               |
| Incidence of works councils or enterprise union bodies | MIXED (France very high – Greece very low)                         | HIGH   | LOW   | HIGH                                      |
| Nature of employee relations                           | ADVERSARIAL  | CONSENSUAL   | POWER BASED<br>Membership and support   | MATURE                                    |
| Role of the state in labor relations                   | INTERVENTIONIST  | "MEDIATOR OF LAST RESORT"  | NON INTERVENTION (manager of transition in Eastern Europe)  | LOW INVOLVEMENT                           |
| Incidence of strike action                             | HIGH   | LOW  | LOW but can be volatile   | LOW                                       |
| Employee relations "power balance"                     | ALTERNATING  | BALANCED   | EMPLOYER  | WORKERS                                   |
| Strength of works council                              | VARIABLES – can be high based union influence and militancy        | HIGH   | LOW – unless combined with high union membership and support  | HIGH                                      |
| Ease of introducing change                             | DIFFICULT  | DIFFICULT  | EASY  | EASY                                      |

|   |   |     |
|---|---|-----|
| Employment flexibility – internal and external change (EUROPEAN COMMISSION) | HIGH  | LOW |
|   | UK HU PO SE DK IE FI CZ AT SK NL BE IT DE FR ES EL PT |     |

| FACTFILE   | Uncertainty Avoidance                                      |                            | EUROPE   | Uncertainty acceptance             |   |   |
|--|--|----------------------------|--|------------------------------------|---|---|
| Countries  | France, Greece, Italy, Portugal, Spain                     | ◀ Belgium ▶<br>◀ Romania ▶ | Austria, Germany, Liechtenstein, Netherlands, Slovenia, Luxembourg | ◀ Czech Republic ▶<br>◀ Slovakia ▶ | ◀ Hungary ▶<br>Bulgaria, Cyprus, Estonia, Latvia, Lithuania, Malta, Poland, Ireland, United Kingdom | Denmark, Finland, Iceland, Norway, Sweden |
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| Ease of introducing change                             | DIFFICULT  |                            | DIFFICULT  |                                    | EASY  | EASY                                      |

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