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Flexicurity and Collective Bargaining

- Balancing Acts across Sectors and Countries

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Executive summary

The core idea of flexicurity is that by combining high flexibility in the use of labour with high social security for workers it is possible to achieve efficient labour markets without exposing the labour force to social risks. Hitherto, researchers have primarily concentrated on statutory regulation of flexibility and security and its effect on labour markets. However, just as important in many countries is collective bargaining which determines terms and conditions for a significant part of the labour markets in Europe. This report analyses and compares the contribution of collective bargaining and agreements at sector level to the development of flexicurity in print and electrical contracting of the United Kingdom, Denmark and Spain, respectively. The study is primarily based on document analysis of the three countries' collective agreements in print and electrical contracting together with 22 interviews with social partners in the concerned sectors.

The main finding of the study is that *collective agreements contribute to flexicurity to varying degrees when social partners use exchanges, package deals and joint-problem solving in bargaining processes*. Moreover, it underlines *the significant effects of national institutions* on regulation of flexicurity as within country differences between print and electrical contracting are modest compared to cross-country differences. It is thus especially the UK and Danish agreements that achieve a balance between flexibility and security while the Spanish agreements to a smaller extent do this.

One of the main reasons for this variation can be found in the autonomy of social partners to determine terms and conditions together with the scope of issue in the agreements. In the UK and Denmark a tradition of voluntarist industrial relations exist in labour market regulation whereas the strong legislative intervention in Spain to some extent crowds out some of the issues relevant for flexicurity out of collective bargaining. In other words, the opportunities for contribution vary between the countries. Nonetheless, the authors of the report identify some flexicurity balances even in Spanish agreements which give evidence to the proposed link between collective bargaining and flexicurity.

The report gives numerous examples of this link. In general, framework agreements on wages in all three countries combine flexibility and security. Minimum rates provide a certain degree of income security in shifting jobs and economic downturns while companies can introduce variable pay systems at workplace level that top-up according to business conditions. The same logic applies to working time, but here balances between working time flexibility and combination security (work-life balance) arguably depend on local circumstances which complicates things.

The three countries differ notably on vocational training and education where rights hereto in Denmark substantially exceed those in the UK and Spanish agreements. The specific form of coordination across sectors in Denmark appears to be key for facilitating agreement on skill development which arguably is of macro-economic importance. In the UK employers have refused a gen-

eral framework for skill development if the investment could end up in other companies. The lack of coordination between sectors seems to be a stumbling block for the so called employment security. Likewise in Spain, skill development is absent from the agenda of collective bargaining. One reason is that trade unions have a hard time raising demands that involve additional expenses for employers. Instead they focus their efforts in tripartite arenas to gain better training and education via public schemes.

Through interviewing social partners in both sectors of all three countries, the study shows how flexibility and security are combined more or less deliberately by negotiators. There are numerous examples of specific *exchanges* where social partners reach compromises according to a quid-pro-quo logic. In these instances, we see how a wide range in possible bargaining issues increases the chances of developing flexicurity, because the opportunities for side-payments are plentiful. Conversely, some balances are developed more or less unconsciously when all items have been agreed in an overall *package deal*. Especially the Spanish examples of flexicurity seem to operate according to this logic, but also the UK and Danish negotiators have gotten concessions through without necessarily exchanging on any specific items. Finally, balances can be established through *joint-problem solving* which involves flexibility and security. This underscores that flexibility and security not necessarily have to be each others' opposites but can be complementary – skill development being an example of this.

The authors of the report go on to suggest that *necessary preconditions for development of flexicurity in collective bargaining are a certain degree of autonomy for social partners and breadth of topics in bargaining together with mutual trust between even social partners*. Arguably, for collective bargaining to matter there must be a degree of autonomy and a number of issues to bargain and reach compromises over. Furthermore, sector agreements with the most developed flexicurity balances had come about in an environment of mutual trust between even parties. Especially the Spanish cases show how missing trust towards the counterpart in some instances obstructs development of flexicurity. It is therefore argued that the flexicurity balances reviewed in this study depend on the continued resilience of potent collective industrial relations. Arguably, the weakening of especially UK trade unions but also the Danish should therefore raise some eye-brows since collective bargaining structures to a high degree rest on a certain union strength.

Moreover, as these preconditions are only present in a few countries, the authors are sceptical as for the transferability of experiences between countries. Learning from the positive experiences in the UK and Denmark seems problematic from the get-go as the general weakening of collective bargaining at sector level in many countries continues.

The results of this report do nonetheless suggest that under the right circumstances collective bargaining and agreements strongly contribute to the development of flexicurity.

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1 Introduction

More often than not concepts from research communities enter the political stage in a rather vague and thus amendable shape. Recent years' debates about flexicurity are by no means an exception to this pattern as the concept has obtained high currency with European policy makers.

For a few decades now, demands for increased flexibility in the way labour is employed and used have been at centre stage of labour market regulation. Increased pressures on companies to be competitive foster this demand for flexibility whereby companies should be free to adjust, for example, their intake of labour, working time, wages and work organisations to business conditions. These demands have been met with fear by workers and trade unions as flexibility has been seen to pose a serious risk to social security and deteriorating employment conditions. If employers can freely do as they want, then the security of jobs, employment, income and work/life balance might be in peril the argument goes.

But is there necessarily such a trade-off? According to the flexicurity concept, the answer is, no. We can get dynamic labour markets without putting individual workers at social risk. Flexicurity is about combining high levels of flexibility with high levels of security to the mutual benefit of employers and employees and thus to society in general.

It is therefore, no wonder that flexicurity has become a somewhat of a '*cause-celebre'*. Sluggish economic performance by some member states of the European Union (EU) has long called for effective policies that could turn crippled welfare states into modern high-performing economies with a social face. Flexicurity promises to deliver just that.

Although the concept has obtained considerable currency in wide audiences – both political and academic – research in flexicurity is still at an early stage both theoretically and analytically. Arguably, if the concept is to continue having relevance for policy-makers we need a more thorough understanding of what flexicurity is and how we can get it.

Constructive social dialogue between stakeholders in the labour market has often been seen as an effective way to combine flexibility with security in regulation – be it through influencing and drafting national policies or through collective agreements (Andersen and Mailand 2005; Wilthagen and Tros 2004). The argument goes that by letting stakeholders negotiate and decide directly, one could expect that the outcomes would balance the interests in flexibility and security to a higher degree than other forms of regulation. Until now, however, flexicurity studies have mainly been concentrated on employment policies and labour law, even though collective agreements still play a considerable role in European labour markets. Could it be that there is a connection between collective bargaining and flexicurity?

This report seeks to give some clarification of this proposed link. We suggest that studying these neglected aspects will advance flexicurity studies in a fruitful direction. The purpose of our report is therefore to obtain a better compre-

hension of flexicurity and show how it can be developed in ways that lie outside the political system.

1.1 Where we are now – status of research

Before presenting our research question, the following presents the status of research on flexicurity by reviewing studies so far. Flexicurity as a concept only entered common use in academic and political circles from the mid-1990s and onwards. Discussions about flexicurity have mainly had two countries of reference due to their remarkable labour market performance in the 1990s. The Netherlands was first to adopt the concept which referred to modification of employment protection of typical workers on full-time indefinite contracts (flexibility) and improvement of protection for temporary workers (security). Research indicated that coupling of flexibility and security was in part conducive to a dynamic labour market. The other country referred to in flexicurity studies is Denmark. Here the 'Golden Triangle' of low employment protection (flexibility), high unemployment benefits and active labour market policies (security) has been seen to contribute significantly to the Danish 'job miracle' (Madsen and Pedersen 2003).

Three meanings of flexicurity

Exactly what do we mean by flexicurity? Wilthagen has identified three different semantic usages of the word. Firstly, flexicurity as a *policy strategy* puts emphasis on deliberate and synchronised policy strategies aimed at reconciling needs for flexibility and social security for individuals in and outside of labour markets (Wilthagen 1998). The primary example of this meaning comes from the Netherlands where reforms to align employment regulation for typical employment with regulation for atypical employment in the 1990s sparked research by Wilthagen and associates (Wilthagen and Tros, 2004). Perhaps the 'Wet Flexibiliteit en Zekerheid' memorandum of 1995 by the Dutch Minister of Social Affairs and Employment, Ad Melkert, comes closest to a practical example of flexicurity as a policy strategy, although some authors refute the idea of a Dutch master plan (Visser and Hemerijck 1997). Undoubtedly, the EU Commission has adopted flexicurity as a strategy, albeit in a sometimes vague manner to accommodate various national differences (Barbier 2007). In empirical studies, evaluation of reform by viewing new policies through the lenses of flexicurity figures prominently (Tangian 2005). Whether a policy programme contributes to flexicurity is thus a common theme in the literature and is often linked to the connection between Member States' policies and the recommendations made in the European Employment Strategy (EES) (Schmid 2007). Many studies have highlighted that it is likely there are various paths to achieving flexicurity. As the European Commission's Expert Group on Flexicurity emphasized in 2007, sensitivity to contextual factors seems both politically and analytically warranted. Therefore, it is argued that policy makers advocating policy learning face a tough challenge to overcome institutional and cultural barriers for transfer of best practice (Rogowski 2007).

Secondly, as a *state of affairs*, flexicurity captures the functioning of labour markets by looking at the present degree of social security and flexibility in a country. Denmark has often been said to constitute the primary example of flexicurity affairs. Here, the so-called 'Golden Triangle' of ease of hiring-firing, comprehensive unemployment benefits and high spending on active labour market policies is seen as a formula for good labour market performance (Madsen 2006).

Comparative studies loom large in this category. Large scale statistical analyses which place countries according to key flexicurity parameters occupy a significant space in the research as the EU has developed an intense interest for flexicurity (Auer 2007; European Commission 2007; European Foundation 2008). These studies usually depart from hypotheses derived from welfare state regime theory which constructs models of political economies according to the balance between markets, state and civil society (Esping-Andersen 1999).

The Employment in Europe 2007 report for example comments on the merits of the Nordic model and Anglo-Saxon model when clustering together key macro-indicators for flexicurity. The former countries fair well on employment and unemployment levels together with high income equality but have considerable budgetary costs. The latter countries have similar employment and unemployment figures but lower budgetary costs and lower income equality. Both regimes have somewhat flexible labour markets but differ on socio-economic equality. Continental and Southern European countries seem to perform badly on employment figures and, to some extent, also have a problem of labour market segmentation due to high employment protection (European Commission 2007).

A European Foundation study arrives at similar conclusions when clustering countries on flexibility measures like labour market mobility together with security measures like social protection and unemployment insurance (European Foundation 2008). Auer (2007) in his research charts countries using job insecurity and LMP spending and finds a negative relationship, i.e. lower LMP spending correlates with higher feelings of job insecurity. This backs up the claim that high labour mobility due to low job protection is possible where high LMP spending cushions job insecurity. This logic also applies to Denmark (Bredgaard et al. 2007b).

A serious flaw of these studies, it seems, is the lack of comparable data for all relevant variables. Also, without sensitivity to so called institutional equivalents and institutional complementarities studies may overlook how different regimes procure different forms of flexibility and security with equal performance as a result (Schmid 2007).

Finally, flexicurity as a *heuristic tool* for analysis of combinations of flexibility and security tries to delimit the empirical focus of flexicurity studies. Here, four forms of flexibility are combined with four forms of security in a matrix developed by Wilthagen and associates (Wilthagen and Tros 2004). The matrix helps identify combinations of flexibility and security in empirical research on national regulations and is widely referred to in numerous studies. In

fact, it could be argued that any of the studies above could be placed into the matrix. Note that we elaborate more on the matrix when we present our analytical framework.

A theory of flexicurity?

Can we detect a common theory for flexicurity research? One logic commonly found in many flexicurity studies stems from the Transitional Labour Market (TLM) approach, which links with flexicurity by focusing on security in transitions of employment (Schmid and Schömann 2003). Thus transitions between jobs, employment status, maternity etc. should be cushioned with security measures. Hereby, the argument goes, individuals accept flexible labour markets to higher degree because the risks inherent in continuous change are reduced. This apparently has been a key factor for the successes in Denmark and the Netherlands (European Commission 2007). By arguing for security measures to smoothen transitions, the approach somewhat goes against deregulation reforms inspired by neo-liberalism. Conventional neo-liberalism would argue that the best way to ensure good labour market performance is by removing restrictions between demand and supply. Security measures, e.g. unemployment insurance, could be seen to increase reservation wages and thus reduce the incentive to take work even though there is a demand. Inherent in the TLM approach is that you can have social security and flexibility at the same time – both from a normative and efficiency perspective (Schmid & Schömann 2003).

While TLM helps us focus on the dynamics of labour markets and how risks can be handled through different security measures, it does not cover flexicurity entirely. The approach primarily looks at transitions in and out of the labour market and less so on combinations of flexibility and security in the workplace for employed people. Here, literature from the industrial relations (IR) and Human Resource Management (HRM) traditions might be more relevant as we will develop below.

In sum, due to the wide range of flexicurity combinations a coherent overall theory is missing and we need to be more eclectic. In other words, flexicurity touches upon a myriad of issues and combinations that have different logics which one theoretical approach can not grasp. Perhaps this is why many studies take on flexicurity in a rather inductive way (Pichault and Xhauflair 2007).

The focus of flexicurity analysis

As noted in the introduction, flexicurity studies have mainly been focused on national policies and labour law while to a large extent neglecting collective agreements as a regulatory alternative to legislation. Inclusion of social partners in policy reforms has received some attention in analyses (Madsen 2006; Wilthagen 1998) while the distinct role of collective bargaining has largely been ignored. The scarce academic treatment of collective bargaining and agreements appears paradoxical when one considers the frequent references made to the significance of good national social dialogue between trade unions, employers associations and governments for the development of flexicurity (Lassnigg

2007). The focus on flexicurity has by no means been neglected by industrial relations scholars – as seen in the mutual gains enterprise, partnership and employment bargaining literature (Kochan and Osterman 1994).

A paradox thus becomes apparent. On one hand researchers that normally deal with collective bargaining (IR) have implicitly looked at flexicurity but without direct reference to it, and on the other hand flexicurity researchers make reference to collective bargaining without systematically investigating the link to flexicurity.

Whereas the European Commission has issued some publications on flexicurity, the publications from EU affiliated institutions with a focus on collective bargaining come primarily from the Dublin Foundation for the improvement of Living and Working Conditions (Philips and Eamets 2007). The study on different European Models and their approaches to flexicurity includes industrial relations indicators on, inter alia, collective bargaining coverage. The authors find no direct correlation between the industrial relations indicators and economic, human capital and labour market development of the country. However, the findings indicated that income inequalities and wage distribution are more limited, that average wages, fringe benefits and training are higher and that unemployment is, on the whole, lower and persistent in systems with high trade union density and high collective bargaining coverage. The authors are less outspoken on a connection between flexicurity and industrial relations indicators – notably the Netherlands, one of most frequently mentioned countries in connection to flexicurity arrangements, score relatively low on the indicators, whereas Denmark, the other main flexicurity country, shows a high score.

Yet another study from the Foundation came from its European Industrial Relations Observatory (EIRO) the year after (2008). This study compiles national accounts on social partners' role in developing flexicurity. The authors find three dimensions through which social partners can influence the flexicurity agenda. Firstly, the political dimension, which is the social partners influence in the politico-administrative systems; secondly, collective bargaining and various other forms of joint regulation; thirdly, unilateral actions by each side of the bargaining table. Based on simple indicators (which the authors admit are subjective), the results show, inter alia, that collective bargaining and joint regulations plays a 'significant role' in relation to flexicurity in half of the EU countries covered (Austria, Belgium, Denmark, Finland, France, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Slovakia and Sweden) (EIRO 2008a).

Arguably, studies of flexicurity that ignore this form of regulation risk missing important aspects of labour market regulation in many countries.

In accordance with the focus on national policies and labour law, research has mainly focused on macro-level indicators while neglecting lower levels. But there are noticeable exceptions that have looked into company level flexicurity. These studies propose a narrower focus on the specific needs for flexibility and security for employer and employees due to specific workplace situations and are therefore theoretically closer to HRM and IR literature than TLM. Ilsøe for example compares usage of working time arrangements (internal numerical

flexibility) in Danish and German companies and shows how trust and local bargaining systems lead to workplace flexicurity to a higher extent in Denmark than in German counterparts (Ilsøe 2006). This finding is congruent with the study of Danish versus French manufacturing countries (Søndergaard 2007). Klindt and Møberg use company level data to determine use of different forms of flexibility while holding these up against worker welfare and linking it to the system of collective bargaining in Denmark (Klindt and Møberg 2007). Chung also uses company level data from the European Survey of Working-Time and Work-life Balance to examine how countries vary in their use of flexible working time arrangements and shows how this correlates positively with work-life balance (Chung 2007).

All studies mentioned here underline that collective bargaining can devise regulation that balances flexibility with security under the right circumstances.

Surprisingly, individual economic sectors as an analytical reference point are absent. The sector is, however, a natural starting point for studies of flexicurity. Numerous scholars have emphasised how companies belonging to a particular sector experience similar pressures from changes in technology and markets (Arrowsmith and Sisson 1999; Katz and Darbishire 2000; Wilthagen & Tros 2004). Similar pressures on companies should also create similar needs for procuring flexibility and security for companies and workers in the same sectors. As a noteworthy exception, Houwing employs this logic as she investigates regulatory changes in eleven sector level collective agreements over time in the Netherlands. The study finds that labour scarcity and powerful unions are related to increases of flexibility and security in regulation. When labour scarcity in a sector decreases flexibility is increased and strong unions lead to a higher stress on security in collective agreements. Unfortunately, the study does not move beyond merely relating conditions with flexicurity regulation and we do therefore not get the much needed picture of how bargaining processes lead to these outcomes (Houwing 2008).

Ibsen shows how variable working hours in Danish collective agreements help companies to adjust to changing business conditions without incurring higher labour costs. Working time flexibility in the private sector in Denmark is close to being unlimited. Simultaneously, security for employees has increased, e.g. through funding that secures pay during maternity/paternity leave (Ibsen 2005).

Andersen and Mailand outline how in recent decades Danish collective agreements at sector level regulate items in numerous ways that have direct effect on the balances of flexibility and security through dual development. Firstly, decentralisation of wage-determination and working time arrangements has significantly increased flexibility. Secondly, inclusion of a wide range of welfare-related benefits in collective agreements has improved security in a number of ways (Andersen & Mailand 2005). Andersen (2005) and Wilthagen (1998), in addition, suggest that sector level bargaining *per se* is conducive to flexicurity as a balanced form of determining terms and conditions. These texts

are important precursors for this study and we elaborate on their points in the analytical framework.

1.2 Where do we go from here?

From the review above, it should be clear that flexicurity studies touch upon a myriad of issues connected to employment, labour markets and welfare policies which could be analytically problematic as flexicurity becomes everything and nothing. This report wishes to achieve a deeper understanding of aspects that have hitherto not received adequate attention.

Firstly, we wish to perform a systematic analysis of collective bargaining and agreements at sectoral level and how these contribute to flexicurity. As noted above, some countries can simply not be investigated thoroughly without incorporating regulation by collective agreements. Trade unions and employers bargain and determine terms and conditions that have significant ramifications for the flexibility and security in labour markets. We need to know whether and how balances are created in collective agreements.

Secondly, when suggesting that collective bargaining is important for flexicurity we also suggest that the sector level is a natural starting point, as many countries still have bargaining at this level. Furthermore, as companies and workers belonging to one sector experience similar market and technological pressures they experience similar demands for flexibility and security. However as Bredgaard et al. note, analytical appreciation of national context is vital and we cannot study sectors in isolation from national regulation in statutory policies and labour law (Bredgaard et al. 2007a).

Finally, the report addresses the question of which processes lead to balanced solutions and more precisely how collective bargaining between key organisational actors contributes to development of flexicurity. Flexicurity research has so far been devoted to describing arrangements and analysing performance on key parameters with little attention given to explanatory research investigating why different countries develop different arrangements and different balances. In other words, we will explore whether collective bargaining processes actually facilitates development of flexicurity. By looking systematically at processes in different countries that either successfully or unsuccessfully led to balanced solutions we thus contribute to existing knowledge.

1.3 Research questions

Based on the above considerations the report therefore addresses the issues hitherto omitted by answering the following general research question:

'To what extent and how are collective bargaining and agreements at sector level contributing to balances between labour market flexibility and security?'

We have chosen to analyse and compare contribution to flexicurity in two sectors, print and electrical contracting, of the United Kingdom, Denmark and Spain. Each country represents different labour market models adding to the

empirical richness of the study. Further justification for our selection follows in the following chapters. Here it suffices to underline that this comparative design gives us a hitherto untried opportunity to compare flexicurity across sectors and countries.

Because we are dealing with multiple countries and we wish to explore the link between processes and flexicurity regulation we have identified two sub-questions, which need further clarification and will guide our empirical analysis.

Question 1: 'How does national statutory regulation on flexibility and security interact with regulation in collective agreements specific for a sector?'

The first question is thus connected to the point made above that sector level agreements can not be seen in isolation from statutory policies and labour law and it would be erroneous to only analyse collective agreements. How the two forms of regulation interact is thus an important precursor for answering our general research question.

Question 2: 'Which processes of sector level bargaining facilitate development of balances between flexibility and security?'

The second question is connected to the point made above about the lack of knowledge of what leads to regulation that balances flexibility and security. The question about causal links between various social processes – here collective bargaining – and regulatory output that balance flexibility and security is of vital concern for our research purposes.

1.4 Outline of report

The report is structured into six main chapters following this introduction. *Chapter two* briefly presents the countries and sectors selected and how they differ on certain general conditions relevant for our analysis of flexicurity.

Chapter three develops the analytical framework, which includes the analytical components. This entails definitions of our main concepts, a delimitation of the scope of analysis, followed by our theoretical expectations that link collective bargaining and agreements to development of flexicurity.

Chapter four outlines the research design employed in the study which includes a section on contextual comparison and process tracing, which in combination constitute the comparative approach of the report. Lastly, we present the data sources of the study.

Chapter five, six and seven contain the empirical analyses of UK, Denmark and Spain, respectively, and follow a similar structure. Guided by our sub-questions we first analyse the context and the background for collective bargaining understood as employment policies and labour law. A short presentation of the sectors' main features in terms of market and technology alongside collective bargaining actors and structures follows. Finally and most importantly,

we analyse the collective bargaining processes and their outcomes by applying the analytical framework in chapter two.

Chapter eight reviews the findings of our analyses in relation to our research question. Hereby we both compare and synthesise our findings across countries and sectors and also reflect on how the causal mechanisms outlined in the analytical framework have influenced development of flexicurity. Finally, we discuss future perspectives for research along with a few implications for policy arising from our findings.

2 Selection of cases - countries and sectors

We have chosen to analyse and compare print[1] and electrical contracting[2] in the UK, Denmark and Spain which constitutes a hitherto untried opportunity to compare flexicurity across both sectors and countries. This section briefly outlines the main characteristics of the countries and sectors chosen.

2.1 The countries

We have selected the UK, Denmark and Spain because of their different ways of regulating labour markets. The UK is traditionally ascribed to a market-based model where terms and conditions for most parts of the labour market are determined in the absence of legislation and collective agreements (Edwards 2003). Denmark on the other hand is characterised by strong collective bargaining and high coverage rates for collective agreements (Due and Madsen 2006). Finally, Spain is characterised by strong influence of legislation on terms and conditions in the labour market (Molina 2007). We will further elaborate on the labour market models in the analytical chapters.

All three countries are advanced industrial societies that belong to the European Union and have thus adopted similar EU directives into national regulation. Table 1 below summarises some key employment related figures which gives a picture of the economic 'state of affairs' of each county compared to the EU-average.

[1] Using NACE codes (2003-version) common for all countries in question, print is defined as the activities in 'publishing' (NACE-code 22.1) 'print and services activities related to print' (NACE-code 22.2), while 'reproduction of recorded media' (NACE-code 22.3) is excluded. Likewise, it should be underlined that 'manufacture of pulp, paper and paper products' (NACE-code 21) is also excluded even though it is sometimes treated alongside print.

[2] Using NACE codes, electrical contracting is defined as 'installation of electrical wiring and fittings' (NACE 45.31).

Table 1: Key employment figures 2007 UK, Denmark, Spain and EU-15 (1998 figures in parentheses)

	UK	***DK***	***Spain***	***EU-15 average***
Total employment	31.547.000	2.858.000	20.614.000	-
Employment rate	71,5 (70.5)	77,1 (75.1)	65,6 (51.3)	66,9 (61,4)
Unemployment rate	5,3 (6.1)	3,8 (4,9)	8,3 (15)	7,0 (9,3)
Long-term unemployment rate[3]	1,3 (1,9)	0,6 (1,3)	1,7 (7,5)	2,8 (4,4)
Youth unemployment ratio (15-24)	14,3 (13,1)	7,9 (7,3)	18,2 (33,1)	14,7 (18,1)
At-risk-of-poverty after social transfers[4] *(EUROSTAT, 2006)*	19 (19)	12 (10) 1999-figure	20 (18)	16 estimated (15) estimated
In work at-risk-of-poverty after social transfers (EUROSTAT, 2006)	8 (6)	4 n/a	10 (10)	8 estimated n/a
Income inequality distribution[5]	5,4 (5,2)	3,4 (3,0) 1999-figure	5,3 (5,9)	4,8 (4,6)
Share of full-time employment	61,7 (60,7)	69,3 (67,8)	61,9 (48,9)	60,2 (n/a)
Share of part-time employment	25,5 (24,5)	24,1 (22,3)	11,8 (7,8)	20,9 (17,3)
Share of fixed-term employment	5,8 (7,3)	8,7 (9,9)	31,7 (33,0)	14,8 (13,0)

Source: Employment in Europe 2008 – where nothing else noted (European Commission 2008)

While the figures should not be taken for anything other than macro-level indicators, they do suggest a few points worth mentioning about the overall performance of the three countries' labour markets. Firstly, the countries differ

[3] Long-term unemployed (12 months and more) as a percentage of the total active population

[4] The share of persons with an equivalent disposable income below the risk-of-poverty threshold, which is set at 60 % of the national median equivalent disposable income (after social transfers).

5 The ratio of total income received by the 20 % of the population with the highest income (top quintile) to that received by the 20 % of the population with the lowest income (lowest quintile). Income must be understood as equivalent disposable income.

substantially in size – the UK and Spain being relatively big European economies while Denmark is small. The total employment figure in 2007 of the UK was 31.547.000; in Denmark it was 2.858.000 and in Spain 20.614.000 persons. However, while this should normally raise the eyebrows of comparative researchers, given the sector level focus these differences are less important.

Secondly, the UK and Denmark fair considerably better that Spain on employment and unemployment levels. However, Spain has improved dramatically since the late 1990s although still lags behind. Denmark fairs best in combating long-term unemployment and also has the lowest figures on youth unemployment. Again, Spain has improved much on the latter indicator in the last decade. When it comes to risk of poverty and income inequality, Spain and the UK have much in common being slightly above EU-averages, whereas Denmark scores low on both these measures. A provisory remark on the UK and Denmark could therefore be that while employment and unemployment levels are similar, the Danish economy is more egalitarian with less risk of poverty than in the UK economy.

Thirdly, indefinite full time contracts – also called *typical contracts* – remain the cornerstone of the labour markets concerned and are still the most common type of employment in Europe constituting 61,9 %; 69,0 % and 60,8 % of UK, Danish and Spanish employment in 2006, respectively. The countries differ substantially on the use of atypical contracts. The UK and Denmark have relatively high shares of part-time workers (around a quarter) while the Spanish figure is only 11,8 %. The biggest difference is, however, starkest on the percentage of fixed-term employment which constitutes almost a third of the Spanish labour market. By comparison, in the UK and Denmark this is only around 5 and 9 %, respectively (European Commission 2007). While there is no data for agency workers, it is estimated to be a significantly lower share of employment. We reflect more on labour composition in the analytical chapters.

2.2 The sectors

We have selected print and electrical contracting not so much because of their weight in our countries' economies, but because they allow for fruitful comparison. Employment in both print and electrical contracting is regulated through multi-employer agreements in all three countries, thus qualifying for our focus on sector level agreements. Concomitantly, all agreements have been renewed within a relatively short time span. The study focuses on the most recent bargaining round in each country which gives the report an analytical time span of 2005-2008. We believe that no major political developments have occurred in this period that could have distorted the comparison and thus remain confident that the time lags that exist between bargaining rounds are not significant.

The *print* industry has experienced pressures for change and restructuring across all sectors that make it the more interesting to investigate how balances of flexibility of security have been affected. The work in print involves pre-press (preparing text and images), press (applying text and images to physical

material like paper, glass, plastic etc.) and finishing/post press (like bookbinding and packaging (Beck et al. 2003).

In recent decades these processes have been highly influenced by the introduction of new machinery, new customer demands and information and communication technology (ICT), that have significantly changed dynamics of employment practices in print. The structure of print is characterised by a vast majority of small enterprises producing to niche markets and a smaller number of large companies that have typically undergone processes of mergers and acquisitions making them capable of operating in international markets.

Similar to other manufacturing sectors, print companies of a considerable size have experienced pressures from internationalisation of trade and production networks.

Print has historically been dominated by a craft tradition mediated by strong trade unions which have effectively countered attempts at breaking skill monopoly and entrance by 'outsiders' (Beck, Clarke, & Michielsen 2003). Similarly to many other occupations, technological pressures have eroded the traditional power of crafts. Most recently illustrated by digitisation and DTP, new production technologies have made redundant some of the skills and knowledge that protected the old crafts based on typography. For both pre-press and print these developments have affected employment levels downward Especially, the latter group has seen introduction of new machines that require less personnel to operate, a key reason for restructuring and job losses. An additional effect of digitisation is ever increasingly customer-driven print production systems where rapid response to demand is a key parameter for competitiveness (European Monitoring Centre on Change 2004). This has pushed new work forms such as Just in Time production (JIT) and thus *working time flexibility*. In a similar vein, customer demands require customisation and product quality control.

Moreover, investment in expensive new machinery has put managers under pressure to increase return on capital through increased utilisation and consequent demands for around the clock manning. Extensive use of shift-working is therefore a key demand by employers, but overtime is also frequently practised (Healy et al. 2004).

Electrical contracting is a more internationally sheltered industry and shares many of the pressures with general construction. Thus, while international competition is somewhat limited, electrical contracting is highly sensitive to the national economic climate as is the rest of construction.

The work includes a wide variety of tasks ranging from electrical installations in private houses to construction of large power stations (Joint Industry Board 2006) and is in the skilled end of construction. Similarly to print, there has therefore been a strong craft tradition in which occupational pride has gone hand in hand with strong trade unions that jealously defend the professional qualification of electrical work.

Employment in the industry is very transient, bound by limited time and specific locality which is why frequent job transitions are abundant in the industry. Employees, below also called operatives or electricians, are used to the risks

and freedoms this gives and this makes electrical contracting of special interest in a flexicurity perspective as *external numerical flexibility* is by far the most common way of adjusting to business conditions. Indeed, many workers in electrical contracting have never been accustomed to *job security* and the typical employment relationship where the employee is under direct guidance and supervision by the employer has never really existed beyond the apprentice period.

Work is usually carried out on site and often as part of larger construction in which the electrical work is just one part. Many tasks are customer-driven because of special needs, albeit not in the same way as in print. This requires a high degree of flexibility both functional and to working time. Highly skilled employees are vital. Similarly, the technological development in the industry has gone from small single appliances to large electrical systems which also require re-training and education.

3 Analytical framework

This chapter develops the analytical framework for our empirical analysis of flexicurity in the two sectors of our three countries. Flexibility and security can mean many things for a lot of different actors at a variety of levels. In order to deal with the vagueness of flexicurity we attempt to give some conceptual clarity for our analytical purposes.

First, forms of flexibility and security will be defined broadly using the four by four matrix developed by Wilthagen and Tros (2004). Second, we delimitate the empirical scope through a reflection on the different analytical layers of flexicurity analysis and the external and internal forms of flexicurity. Third, the chapter presents an operational definition of flexicurity by using the concept of balances on which identification of flexicurity resides. Fourth, building on past studies and our reflections we present the specific balances between flexibility and security found to be relevant for our empirical analyses. Fifth, the chapter proposes how sector level agreements could facilitate the proposed links between collective bargaining processes and flexicurity on the basis of institutional rational choice and IR theory. Sixth, we outline how sector level bargaining and agreements should be viewed in context and what this means for our analysis.

3.1 Definition of flexicurity

In this section we give a broad definition of flexibility and security and how the two can be combined analytically. Before defining these core concepts it is wise to underline that when we talk of flexicurity, we talk about it through the lenses of two main stakeholders in labour markets – that is – employers and employees. The two are connected via the employment relationship whereby labour activities during a specified time are exchanged for a certain wage (Edwards, 2003: 8).

Flexibility can generally be defined as the ability to adjust labour activities to business activities (Pichault & Xhauflair 2007). What we mean by ability is not the personal competences of managers but rather the possibility for adjustment. Flexibility is thus a functional term that captures the possibility of aligning the use of labour to the needs of business activities, be it production or service delivery etc.

Security can generally be defined as the minimisation of social risks (Ibid.). Risk is broadly understood here as circumstances that could potentially deteriorate the well-being of individuals connected to the labour market. Security is therefore broader than flexibility in that it does not presuppose an employment relationship. Security is also a functional term that captures the possibility of reducing the probability of circumstances that deteriorate the well-being of individuals with connection to the labour market.

The underlying logic in many texts on flexicurity appears to be that flexibility benefits employers and security benefits employees. Employers want flexibility in the use of labour, and employees want security and minimisation of

social risks. Nonetheless, some scholars depart from this view and mention numerous examples where the interests are different (Leschke et al. 2007). As a working assumption, this report remains open to this question but to a large extent agrees that employers will seek flexibility and employees security.

As mentioned above, flexicurity is used here as a *heuristic tool* for analysing combinations of flexibility and security which helps to define the empirical focus of our study. In the often cited matrix developed by Ton Wilthagen a distinction is made between four sub-categories of flexibility and security connected to possibilities for adjustment and minimisation of risk, respectively. As seen in table 1 below, four forms of flexibility derived from Atkinson's 'flexible firm' (1985), are combined with four forms of security.

Table 2: The flexicurity matrix

Security **Flexibility**	***Job security***	***Employment security***	***Income security***	***Combination security***
External numerical flexibility				
Working time flexibility				
Functional flexibility				
Wage flexibility				

Source: Wilthagen & Tros, 2004

External numerical flexibility refers to a company's ability to adjust the intake of labour by hiring and firing which could be hampered by restrictive employment protection legislation (EPL) stipulating social/legal obligations connected to redundancies. If regulation is permissive, this could induce companies to take on workers without concern for how they will get rid of labour in downturns. Also, the ability to take on workers on fixed or temporary contracts is noted as a way of increasing *external numerical flexibility* (Atkinson 1985).

Working time flexibility refers to a company's ability to adjust the use of labour already working for the company. Not only does this include options for adjusting the length, variation and distribution of working time, it also refers to hiring part timers.

Functional flexibility refers to the workers' ability to take on wide ranges of tasks and responsibilities requiring high levels of multiple skills. This should allow for job rotation, devolution of decision autonomy and thereby flatter organisational structures.

Wage flexibility refers to the company's ability to make wages variable and contingent upon different parameters such as performance (individual or collective), skill attainment or task responsibility (Ibsen and Christensen 2001).

Job security refers to the ability of workers to stay in the same job as expressed by job tenure and is of course closely and inversely related to *external numerical flexibility*.

Employment security could be said to comprise *job security* but also refers to the ability to find employment generally. While tied to general labour market

conditions, *employment security* is also connected to policies that enhance employability such as active labour market policies together with in-work training and skill development.

Income security refers to protection of stable income levels during transitions in and out of employment statuses, e.g. in case of unemployment or during new job situations and job content.

Finally, *combination security* refers to the ability of workers to combine work with other phases of life such as parenthood, education or care-taking. This is typically called work-life balance.

3.2 Balances of flexibility and security

Central to flexicurity is the issue of combinations – or rather balances – between forms of flexibility and security in the matrix. Thus in theory each cell represents a possible flexicurity balance which is more or less pertinent in labour markets (Bredgaard, Larsen, & Madsen 2007a). However, by itself the matrix provides little more than an analytical tool to guide empirical studies and does not contain theoretical explanations of specific flexicurity balances. In other words, we need to know what constitutes a balance.

Leschke et al. (2007) suggest three types of balances. Firstly, combinations of flexibility and security can produce *virtuous circles* of complementary regulation where flexibility for employers is not merely traded with more security for workers. Flexibility can be mutually beneficial for workers and employers alike as can security. Moreover, regulatory arrangements can in fact reinforce each other as seen for example in the 'Golden Triangle' of Denmark.

Secondly, flexicurity arrangements are conceived as *trade-offs* between parties to the employment relationship. The logic is one of zero-sum games in which flexibility for employers is seen as a loss for workers and vice-versa concerning security for workers.

Finally, combinations of flexibility and security can also yield vicious circles where arrangements counteract each other and procure imbalances. Here, arrangements can become negative-sum games that overall come out with fewer benefits for the actors involved.

The idea of circles represents a fruitful way forward, but we wish to refine the concepts to make them more apt for our analytical purposes.

Firstly, while the idea of circles and complementary regulation is tempting in labour market research it is, nonetheless, extremely hard to detect complementarity in practice without a clear causality between regulatory arrangements and behaviour in labour markets. Instead of circles, we suggest the more modest concept of *win/win pay-offs*. Hereby, we retain focus on regulation which is to the mutual benefit of employers and employees while acknowledging that we can not detect whether regulatory arrangements in fact reinforce each other – the idea inherent in complementarity. A good example is flexible working time arrangements that succeed in balancing the length, scheduling and distribution of working time to both business activities and the social needs of workers. A

win/win pay-off is created between increased working time flexibility and increased security.

Secondly, we find that trade-offs can be made more appropriate to issues arising in the processes of designing regulation. Normal trade-offs are – as noted above – zero-sum games where one party's gain is the other's loss. However, flexicurity arrangements can be achieved through *compensated trade-offs* between parties to the employment relationship. A good example of this setup is agreements between parties where workers concede wage reductions in order to preserve employment. Here, there is a trade-off between increased wage flexibility and reduced income security. The compensation consists of workers keeping their job, i.e. job/employment security.

Finally, as a form of non-flexicurity, combinations of flexibility and security can also yield *lose/lose pay-off*s where arrangements are to the mutual disadvantage of employers and employees. Again, we refrain from trying to deduce how arrangements might counteract each other (the opposite to complementarity) in practice as we lack clear causality here. An example of this kind of non-balance could be failure to provide adequate skills provisions systems. On the one hand, employers suffer from low functional flexibility due to low skills. On the other hand, employees suffer from low employment security as their limited perhaps outdated skills are not in demand.

From the above, we define two forms of flexicurity (and their opposites) in the following fashion:

Flexicurity 1: Flexicurity exists in regulatory arrangements that **trade off** flexibility and security and in so doing **compensate** workers and employers for the risks or rigidities they encounter in labour markets.

Flexicurity 2: Flexicurity exists in regulatory arrangements that combine flexibility and security in ***win/win pay-off*s** thus creating advantages for employers and employees alike.

Non-flexicurity 1: Regulatory arrangements where trade-offs of flexibility or security are **not compensated** and thus represent pure zero-sum games.

Non-flexicurity 2: ***Lose/lose pay-off*s** in which regulatory arrangements simultaneously decrease flexibility and security

Note that due to our research purpose of identifying flexicurity in collective agreements, we will only analyse examples of flexicurity and refrain from investigating non-flexicurity. We believe that the two forms of flexicurity make analytical and intuitive sense. Often the concept of trade-offs has been mistaken for a balance between flexibility and security. By introducing the idea of compensation, we arrive closer to the fact that some regulatory arrangements are not

in balance by themselves and have to be countered by compensation. However, there still remains an important problem of how to identify a balance.

Arguably, flexibility and security can have almost personal values and what constitutes a balance is an almost impossible analytical task. *We can not with precision decide when regulation is in balance or not.* What we can do is identify the direction regulation – ceteris paribus – takes on flexibility and security, i.e. if it increases or reduces the four forms of flexibility and security, respectively, and whether this is compensated or not. The reason we use the word balance, is to indicate that we are not merely talking about combinations of flexibility and security. Rather, the word balance indicates that we identify regulation that on the whole brings more in balance than in the case where this regulation did not exist.

3.3 Analytical focus

Having defined the main concepts of flexicurity, we proceed to narrow the empirical focus of the investigation on *formal internal flexicurity*. What do we mean by this?

Formal flexicurity

A review of flexicurity studies identifies three layers of analysis; 1) existence of specific regulation, 2) the qualitative and quantitative attributes of regulation and 3) the outcome and performance of labour markets. Firstly, studies have analysed and compared the existence of specific formal regulatory arrangements more or less conducive to flexibility and security (Madsen 2005). Common for this layer of analysis is that it distinguishes between existence and non-existence of specific regulations. Some are considered conducive to flexicurity, some are not. A general problem is that most countries will often be able to point to a variety of policies and regulations that on the face of it make good sense[6]. This layer, therefore, does not reveal much about the effect of regulation on labour market performance but is nevertheless invaluable for the next stages of analysis.

Secondly, studies have analysed and compared the *qualitative and quantitative attributes of regulatory arrangements* in different countries. For example, for two countries' active labour market policies (ALMP), one could compare duration and conditionality of programmes or by looking at EPL index the researcher can quantify and compare *external numerical flexibility*. Hereby, we get a better picture if regulation is in fact balanced. However, this kind of comparison has the obvious limitation that the specific effect of certain kinds and levels of policies has not yet been conclusively demonstrated. For example, the EPL effect on employment levels has not been established conclusively nor has the effect of high spending on ALMP (OECD 2004).

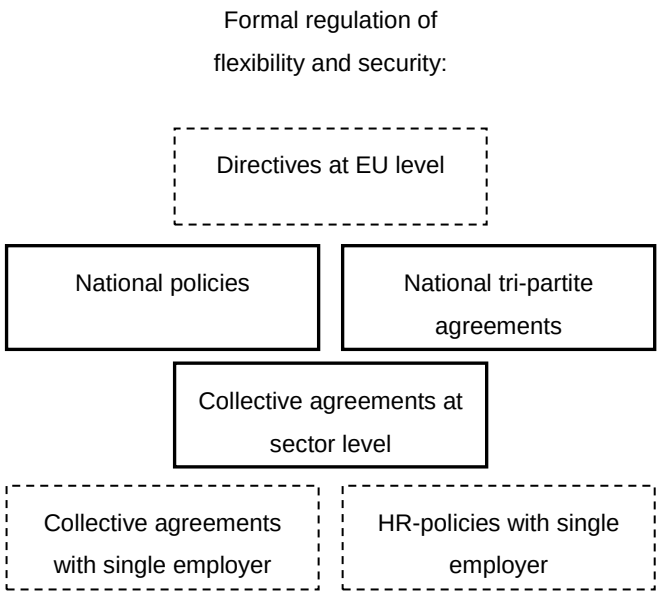
[6] This is sometimes what happens in National Action Plans of EU members – so called 'ticking the box'. Simply referring to a political programme does not prove its effectiveness.

The issue of causal linkage brings us to the third layer of flexicurity analysis – *outcomes and performance of labour markets*. We have already mentioned the many statistical studies on flexicurity that usually depart from hypotheses derived from regime-theory (Esping-Andersen 1999). As such these studies combine the layers of research as they also focus on the reforms and institutional settings which supposedly lead to good performance on key parameters (Auer 2007; European Commission 2007; European Foundation 2008). As noted, these studies so far remain largely macro-oriented with focus on national labour market policies and national labour market performance.

We concede that all of the layers are significant in order to understand flexicurity in all its aspects, but acknowledge that the full picture is too big for this report. This leads us to the *first delimitation:* In line with research questions and ambitions of this study, flexicurity is analysed as the first and second layer understood as *formal regulation* in national policies and collective agreements of flexibility and security. Studies of labour market regulation can not ignore the role of statutory provisions. National policies and labour law regulate alongside sector level agreements and countries vary in how the balance is made between these regulatory levels, i.e. some countries might be skewed towards legislation and labour law while others might leave more autonomy to collective agreements. Note that tri-partite agreements between government and peak level associations of unions and employers can also constitute regulation relevant for flexicurity. We do not distinguish analytically between statutory provisions and tri-partite agreements as long as they are national level. The relationship between national and sector level regulation varies in different ways.

Firstly, sector level agreements supplement and extend statutory provisions, these being national minimum provisions that collective agreements build upon. In this regard collective agreements establish an additional level of rights for the occupations covered. Secondly, collective agreements can replace or legally deviate from national policies or fill in blank spots where they are missing. In the latter case, topics on which legislation is silent are stipulated in collective agreements and workers' rights to certain privileges are solely based on these collectively agreed provisions. Finally, collective agreements can deviate from policies if this is allowed through provisions in the legislation. Figure 1 depicts our main focus; the national policies/agreements and sector level agreement in the non-truncated boxes.

Figure 1: Regulatory levels and main focus



Evidently, this delimitation restricts the scope for making valid claims on flexicurity as the actual balances ultimately resulting from regulations are not covered. However, by exploring how certain rule-making processes influence flexicurity this study fills a gap in existing knowledge. We agree that the ultimate goal for flexicurity studies must be to investigate flexibility and security in labour market outcomes if we are to make valid claims about when a balance is created.

Internal flexicurity

With the focus on formal regulation in mind, we will now specify the main balances we wish to analyse using an adapted version of Bredgaard et al. (2007a) two ideal models shaded grey in the table below.

Table 3: Model 1 (external) & Model 2 (internal) of flexicurity

		External security solely provided by public schemes		**Internal security provided by statutory rights, sector level collective agreements or company agreements/policies**			
		Employment security	*Income security*	*Job security*	*Employment security*	*Income security*	*Combination security*
External flexibility	Numerical flexibility	Model 1					
Internal flexibility	Working time-flexibility			Model 2			
	Functional flexibility						
	Wage-flexibility						

Adapted from Bredgaard, Larsen & Madsen 2007a

In the first model high *external numerical flexibility* is balanced by employment and *income security* provided by public schemes including active and passive employment policies, respectively. The model resembles the Danish 'Golden triangle' as coined by Madsen (2006).

The second model is one where low *external numerical flexibility* is replaced by forms of internal flexibility. That is, companies ability to adjust to business conditions through working time, wage or *functional flexibility* instead of adjusting the number of employees. Here security is, to a larger extent, provided by collective agreements or company policies, but also in statutory employment policies and labour law. Evidently, security forms in the latter model are internal to the company and thus apply to people in work. This corresponds with the low *external numerical flexibility*.

The two models draw attention to the dangers of comparing flexicurity in various countries using only specific parameters. For example, poor EPL scores in Mediterranean and Continental European countries might be unduly emphasised if low *external numerical flexibility* is compensated by high *working time flexibility* (Bredgaard et al. 2007a). This is even more relevant when one departs from macro level to look at sectoral and company level where it might make perfect sense to keep employees due to their specific skills (Ibsen 2005).

The first model of flexicurity primarily – but not exclusively – refers to a balance between *external numerical flexibility* and risk minimisation for workers who make transitions in and out of employment, that is external flexicurity. The second model applies to internal flexicurity, that is, combinations of flexibility internal to companies with security for people in work.

Arguably, together these two models cover an empirical field of great scope ranging from welfare schemes to company policies. We have chosen to focus mainly on internal flexicurity in national statutory provision and collective agreements as this allows us to focus sharply on collective bargaining at sector level while still considering external flexicurity. This enhances our ability to make valid comparisons across our cases. Our *second delimitation* is as follows:

Given the focus of the study on collective bargaining at sector level, the report will concentrate mainly on formal *internal flexicurity* as seen in model 2. Formal regulation relating to external flexicurity is thus treated as context and company policies are excluded.

We completely agree with claims that internal and external flexicurity can form functional equivalents to each other and thereby complicate comparison across countries. Therefore it is acknowledged that the analytical delimitation has important implications for the overall validity of our results. Most importantly, the issue of transitions between jobs and unemployment can not be treated sufficiently. Thus, the issue of labour market mobility is generally excluded from our scope. As we have indicated above, for many scholars, facilitating and making transitions socially secure is at the core of flexicurity and the TLM approach.

However, despite these reservations, the report includes a very comprehensive range of flexibility and security forms in formal regulation. Indeed, as argued above, this focus touches new empirical grounds.

3.4 Operational definition of flexicurity

Having narrowed the focus of the report to internal flexicurity we proceed to specify the balances we may find in formal regulation. This section specifies the main formal regulatory arrangements for comparison of internal flexicurity. Unfortunately, as we have noted above *there is no coherent theory* on the balances of flexicurity which makes analysis rather inductive (Pichault & Xhauflair 2007). Moreover, we do not pretend to offer an exhaustive list of balances as we retain an inductive approach. Rather, we try to build on the literature and on our own reflections and the following regulatory arrangements should be taken as general examples that guide our empirical analyses. Of equal importance, it will give the reader an idea of the kinds of balances that can be found in formal regulation.

It is believed that in order to grasp the full range of employment possibilities in the sectors concerned the operational definition of flexicurity is divided into a subsection regarding typical employment and another regarding atypical employment. Arguably, different types of contracts require different balances of flexibility and security and it therefore seems prudent to approach our comparison with this divide. Finally, we outline how diverging interests between typical and atypical workers can be bridged in a flexicurity perspective looking at cross-balances. Note that forms of non-flexicurity are not specified as our analysis focus is on development of flexicurity.

Typical contracts

As a rule of thumb typical contracts – defined as indefinite full time contracts – are the bench-mark for all other forms of employment and usually also enjoy most of the benefits and entitlements in regulation and policies.

Win/win pay-offs

Typical contracts have many advantages for employers and employees alike. A prime example is *working time flexibility* and *combination security*. On one hand, employers benefit from flexible distribution and duration of working time through e.g. working time accounts, on the other hand employees have rights to flexi-time, paid leave and vacation. The deciding factor for mutual advantages is the procedure for working time planning, i.e. who decides when and for how long employees work. Giving employees a say here will – ceteris paribus – enhance their *combination security*.

Mutual advantages also apply to combinations of *functional flexibility* and *job security*/*employment security*. Devolving autonomy to employees, introducing multitasking and job rotation requires training and skill development, which internally increases *job security* and externally increases employability. Lifelong learning promises all these things at once, albeit contingent upon the qual-

ity and relevance of skills (marketability) for both internal and external labour markets.

Finally, *wage flexibility* could potentially yield mutual advantages when the variable part of wages is linked to individual, team based or organisational performance. The same can be said about merit- and function-based wages although more indirectly. Pay is incentivised by a clear link between effort and reward, this yielding increased overall performance for employers. Employees receive better wages, *income security*, and continued employment. Similarly, if it is only a part of wages that is variable and the other part is guaranteed as a minimum, then wage systems can be said to combine *wage flexibility* and *income security*.

Table 4a: *Win/win pay-off*s for typical employment

Employers – Advantages	**Employees – Advantages**
Working time flexibility Possibility for adjusting working time (length and distribution) to peaks and lows in product demands constitute alternative to *external numerical flexibility* and potentially reduces overtime pay	*Combination security* Typical contracts usually come with the most privileged rights to leave and time off. *Working time flexibility* and *combination security* could be two sides of the same coin.
Functional flexibility Possibility for multi-tasking and/or job-rotation reduces the incentive to take in specialised workers meaning cost savings. Furthermore, devolution of job autonomy enables flattening of organisational structure	*Job security*/*Employment security* Adaptability and multi-functionality increase employability externally and internally. Provisions for Lifelong Learning facilitate this
Wage flexibility Possibility for variable pay schemes according to performance (individual, team, and organisations), merit or functions constitute an alternative to reducing costs through dismissal. Also, variable pay could yield enhanced individual and organisational performance	*Income security*/(*job security*) Due to *job security*, there is an overall gain of *income security*, i.e. typical employees have a lower probability of getting fired first. If only part of the wage is flexible then the other part constitutes a minimum income, i.e. income security

Compensated trade-offs

The above *win/win pay-off*s can, however, also be viewed from the opposite perspective, that is how internal forms of flexibility constitute disadvantages for employees and how they can potentially be compensated by regulatory arrangements.

Firstly, *working time flexibility* could jeopardise *combination security* if agreements favour working unsocial hours or if employers give little notice of changes in working time. This could generally be compensated by clauses that give *employment security* (Sisson and Artiles 2000) or by giving certain premia for working unsocial hours. The latter issue is also contingent upon the risk of losing overtime pay. So depending on the levels of premia on unsocial hours versus the loss of overtime pay, a balance can be created.

Secondly, *wage flexibility* could undermine the incomes of employees if taken to the extreme where wage is completely linked to some specific performance measure. As with working time, this could be coupled with clauses that secure employment for groups of workers with variable wages to compen-

sate for the loss of *income security*. However, flexible wages are usually provided with a floor under pay, either set by statutory minimum wages or in collective agreements (Due & Madsen 2006). This should contribute to *income security*.

Thirdly, *functional flexibility* could have several impacts on security which require compensation. For one, wage levels acquired in past positions might be lost when workers are moved around, thus lowering *income security*. As with wages and working time, this could be coupled with a guarantee of employment (while this would not help *income security*). However, regulation could also stipulate that *functional flexibility* is assured on the condition that no worker will receive lower wages. Also, *functional flexibility* could potentially mean increasing work loads for employees who fill in for absent workers. While there is no direct way of compensating for this, employers could offer employees extra premia for taking on new functions in the company. Finally, as *functional flexibility* is usually connected to new technology and restructuring, this might jeopardise *job security* – especially for individuals holding out-dated skills. A possible compensation could be guarantees that no individual worker will loose his or her job as a consequence of restructuring. Alternatively, with a focus on *employment security*, loss of *job security* could be compensated by rights to re-training in the case of redundancy.

Table 4b: *Compensated trade-off*s for typical employment

Employers - Advantages	**Employees – Disadvantages**	**Compensation**
Working time flexibility As above	*Combination security* Hollowing out of work/life balance	*Employment security* Clauses that secure your employment if employees agree to *working time flexibility* *Income security* Alternative premia for working unsocial hours
	Income security Loss of overtime pay	
Wage flexibility As above	*Income security* Potential for hollowing out of basic wage levels	*Employment security* As above
		Income security Floor under wages whereby minimum wage is secured
Functional flexibility As above	*Income security* Potential for hollowing out of acquired wage levels for traditional occupations	*Employment security* As above/acquired skills rise potential for employment externally
		Income security Guarantees that moves to new functions does not mean hollowing of wages
	Combination security Potential for increasing work loads when filling in for other workers	*Income security* Premia for filling taken on new functions.
	Job security Old skills might become obsolete	*Job security* Guarantees that new technology will entail redundancies
		Employment security Re-training offered to people becoming unemployed because of restructuring

Atypical contracts

Excluding self-employment from our focus, there are three main forms that will be treated in the analysis; *part-time work, temporary agency work, and fixed term work.* Below, we identify the *win/win pay-off*s and *compensated trade-off*s in combinations of flexibility and security for employers and workers on atypical contracts.

Win/win pay-offs

Part-time work is the most prevalent form of atypical employment and is seen to increase *internal numerical flexibility* in companies that hire workers on a less than full time basis. Ease of hiring part-time workers (and indeed firing them again) can be a key factor in adjusting labour supply to business conditions. A positive side-effect for employers is savings on over time pay for workers on typical contracts when part timers fill in during excess labour demand. Indirectly, part time employment becomes a form of *wage flexibility*. Although still modestly used temporary workers are used increasingly as a method of *external numerical flexibility* as they can be employed for limited periods and in the case of agency workers provide almost day-to-day *external numerical flexibility* for employers. Furthermore agency workers are subject to a triadic form of employment relationship between worker, temp agency (hirer) and company (borrower). Logically it follows that not only does use of agency workers increase *external numerical flexibility* in adjusting labour to fluctuations. It also increases the company's overall *wage flexibility* by avoiding the use of more permanent staff on expensive overtime.

Employees wanting to combine work with other activities such as education or family life might prefer atypical to typical contracts, thereby enhancing *combination security* (Leschke 2007). Furthermore, atypical work represents an entry into employment for individuals who might not have been employable on a full time basis when hired. Indeed, atypical employment could be used for advancement into typical contracts and contributes positively to *employment security*.

Table 5a: *Win/win pay-off*s for part-time employment

Employers – Advantages	**Employees – Advantages**
Working time flexibility Hiring part time workers enhance *working time flexibility*	*Combination security* Working less hours facilitates time for non-work activities
External numerical flexibility Employers get highly flexible labour which can easily be made redundant without normal notice periods	*Employment security* Part time work facilitates entry and advancement in labour markets, thus increasing *employment security*. Making company more competitive enhances the possibility for retaining employment
Wage flexibility and *external numerical flexibility* *Working time flexibility* and *external numerical flexibility* reduce compulsion to pay over time pay	

Compensated trade-offs

However, atypical work also bears the risk that employees will be eligible to the same entitlements as full-time employees. How can balances be made?

First and foremost, atypical workers should be entitled to equal treatment, meaning rights to basic pay, benefits, holiday entitlements, redundancy terms and leave measures, comparable to permanent workers. While equal basic pay can not alleviate the income-gap because working hours are less for part timers however, basic hourly wages should be guaranteed.

Secondly, it has often been documented that atypical workers do not reach the particular threshold of hours and length of service needed for eligibility to the benefits of full-time employees (Leschke 2007). This includes rights to benefits such as pay during sickness, holiday entitlements and leave measures that should be guaranteed and brought up to par with full-time staff. Again, *income security* and *combination security* are interlinked. Also, equal rights to training and skill development should be guaranteed to increase opportunities for advancement and retention of work, i.e. *employment security*. Besides increasing chances internally, training and skills development increase employability externally and can have a positive impact on income (Ibsen 2007).

Furthermore, in cases where part-time work has been chosen by the employee for contingencies related to personal life, entitlement to a return to full-time should exist to minimise social risks. Changing back should be possible without considerable loss of income. One option could be rights to request flexible working, which allows employees to vary their working time according to personal contingencies. This shows that *income security, working time flexibility* and *combination security* are strongly interlinked.

Specifically for agency workers, the triadic employment relationship blurs any direct employment relationship with clear rights and obligations. This feeds into the question of who holds employer responsibility (hirer or borrower) and what the responsibilities are in fact. A starting point for ensuring rights therefore should be clear rules establishing who holds responsibility – a form of *procedural security* (which is not in the flexicurity matrix).

Conjunctly, in instances where agency workers have been re-employed continuously with one borrower, measures should be in place to oblige employers to offer a permanent contract. Provisions which ensure this offer would significantly improve *job security* for individuals on temporary agency contracts. Again thresholds may vary, but the shorter the better from a security perspective.

Table 5b: *Compensated trade-off*s for atypical employment

Employers –Advantages	**Employees - Disadvantages**	**Compensation**
Working time flexibility Hiring part time workers enhance *working time flexibility*	*Income security* Atypical workers might be discriminated on wages	*Income security* Rights to equal basic hourly wage for similar work and rights to overtime work when applicable
External numerical flexibility Employers get highly flexible labour which can easily be made redundant without normal notice periods	*Combination security/ income security* Atypical workers might not reach thresholds for entitlements to social benefits. Especially for temporary and agency workers, constant shifts in contracts make this a big issue.	*Combination security/ income security* Equal rights to most standard forms of paid leave (e.g. maternal/parental leave) and other social benefits. Ways of accumulating seniority despite shifting employers. Compulsion to offer permanent contract after several renewals.
	Employment security Atypical workers might not receive sufficient amount of training and skills development as comparable typical workers	*Employment security* Rights to training and skills development
	Income security Atypical workers receive overall lower incomes because of fewer hours which might be feasible only in the short run	*Income security*/*Combination security* Rights to change back into full time employment when part time work was chosen for a specified period
Wage flexibility and *external numerical flexibility* *Working time flexibility* and *external numerical flexibility* reduce compulsion to pay over time pay	*Procedural security* The employment relationship for agency workers might be blurred with no one taking responsibility for the above stipulations	*Procedural security/ job security* Clear rules on who holds responsibility for employment contract will alleviate many of the above problems. Compulsion to offer permanent contract after several renewals.

Cross-balances between atypical and typical contracts

Arguably, extending the scope for the use of atypical contracts seems beneficial for employers to give enhanced working time and *external numerical flexibility*, and for the specific groups of workers preferring these types of contracts it means *combination security* and potentially *employment security*. But what about typical employees and the risk they run of being replaced, i.e. a loss of *employment security* for typical employees? Here, the flexicurity definition employed runs counter to the problem of determining the advantages and disadvantages across two groups of employees with diverging interests, the so-called insider-outsider problem (Lindbeck and Snower 2002). In short, the insider/ outsider problem in our usage refers to the idea that typical employees hold certain ways of restricting the entrance of outsiders/atypical employees to their jobs and privileges such as high standard wages and benefits. Barriers could, for example, consist of strict skill requirements, like certain diplomas/degrees, or simply through regulation that restricts the number of employees on atypical contracts. Hereby, atypical employees are excluded from typical contracts with typical terms and conditions creating a divide between the two groups.

If we maintain that atypical workers should enjoy the same terms and conditions as comparable typical workers (which in itself can be seen as a barrier for

entrants to atypical employment), provisions ensuring that typical workers are not directly replaced by atypical workers could constitute a balanced trade-off for all groups. For employers, who might have preferred no regulations whatsoever, use of atypical employment forms is allowed – albeit on terms and conditions comparable to typical workers. For atypical workers, they can enter employment on comparable terms and conditions and retain the liberty atypical employment gives. Finally, typical workers avoid the risk of being undercut and replaced.

However, the provision prohibiting direct replacement could also turn out as a barrier if misused or misinterpreted. Indeed, provisions that specifically determine when atypical workers can be used and when not could be seen as a barrier for these groups. Evidently, as with all other balances of flexibility and security, regulatory arrangements need to work in practice and there is a risk that barriers for entry are too high for atypical employment forms, thus only favouring typical workers, i.e. insiders. Cross-balances are therefore hard to interpret when only looking at formal regulation as we shall see in our analyses.

3.5 How does collective bargaining facilitate flexicurity?

We have now outlined the balances we want to look at – that is our dependent variable – which enables us to compare formal regulation across countries and sectors. But how can collective bargaining processes facilitate the development of balances? This section outlines 'facilitators' for flexicurity development building on institutional rational choice (Scharpf 1997) and theories of negotiations and collective bargaining (McKersie and Walton 1966; Salamon 2000). Hereby, we get an idea of how collective bargaining processes can lead to the development of balances between flexibility and security.

In this section we begin by describing what we mean by 'facilitator'. Next, we reflect on how collective bargaining as a form of rule-making process compares to legislative and market-based forms which serve as a foundation for our facilitators. This is followed by a presentation of three main facilitators that will guide the empirical analyses.

The analytical use of facilitators

By facilitator we mean a social dynamic appearing in rule-making processes involving negotiations between two or more parties. In other words, a facilitator can be seen as a way of reaching agreements or indeed non-agreements on issues related to flexicurity. We would like to stress that the use of the concept, *facilitators*, instead of *hypotheses* is meant to underline that the analysis is not geared to verify/falsify theories of collective bargaining and negotiations. The purpose is rather to *guide* the empirical analysis of concrete negotiation processes by asking whether the social dynamics inherent in the facilitators were in fact at play when agreements were produced. It may be that other facilitators were equally or more important for reaching agreements and our facilitators should not be regarded as exhaustive for collective bargaining dynamics. Indeed, one of the aims of this study is to detect the host of facilitators for devel-

oping flexicurity in an explorative manner – *not* a hypothetical deductive manner (Gilje and Grimen 1993).

Collective bargaining as a form of governance

As we are basically studying terms and conditions of employment, it is important to distinguish the different ways of determining these or what could be termed the 'governance form' of employment. Following Edwards (2003) there are three main forms of governance: *markets, legislation* and *collective bargaining*. No labour market regulation of a country will be exclusively based on one or the other form of governance and there will always be a mix at play. Nonetheless, in different countries one form of regulation can be more dominant than the other, i.e. one can speak of labour market models that are more skewed to legislation; market based forms or collective bargaining. No governance form is independent of the actors who make decisions. As has been stated above, the study generally assumes that employers are interested in enhancing flexibility and trade unions are interested in enhancing security. We concede that this need not be the case in every negotiation and remain open to instances where the interests are reversed. However, *ceteris paribus*, we assume that employers who are not forced to take on costs of security measures will generally feel less inclined to do so.

Firstly, terms and conditions can be determined through *markets* understood here as either a unilateral managerial decision or through direct negotiation with the individual employee. What the two have in common is that employers deal directly with the employees and that terms and conditions as such are individualised to the specific circumstances. *Ceteris paribus*, this should allow for more variety since governance is fragmented and therefore flexibility is enhanced. Moreover, according to IR-theory, in free labour markets workers suffer from what could be termed the inherent "power imbalance" in the employment relationship (Salamon 2000). Employers are able to withdraw capital, close workplaces or simply hire other personnel due to ownership of the means of production. Individual workers do not have the same option and are therefore dependent upon preserving employment and a livelihood. This means that in the free market, individual workers might be forced to accept terms and conditions that reduce security while employers enjoy high flexibility. Accordingly, we can therefore expect – as a working assumption – that security might be underdeveloped in free markets as there is no foundation for workers' claim to certain minimum rights and obligations.

Secondly, terms and conditions can be governed by *legislation* which set uniform rules for employment. Contrarily to markets, regulation of terms and conditions are taken away from individual determination and the inherent "power imbalance" is thus eliminated. A national minimum wage determined by governmental bodies is a case in point and working time regulations are another. Both are the result of political processes but can subsequently be adjusted through governmental bodies. Furthermore what characterises this form of governance is that it stipulates universal, across the board, minimum (or maximum)

rights and obligation for employment. Legislation can therefore be a hindrance to flexibility simply because universal rights and obligation – *ceteris paribus* – do not allow for the variation needed to constitute flexibility. Conversely, minimum and universal rights and obligations are more or less the fabric of security in that it puts guarantees on terms and conditions. As a working assumption, one could therefore argue that legislation fosters more security and less flexibility. A note of caution is in order: Evidently, the design of legislation is of the essence as statutory regulation can be set so low that it becomes insignificant. Much depends on the interests represented in decision-making and thus falls back on the actors designing legislation. The more evenly proponents for flexibility and security are represented, the more balanced legislation we can expect.

Thirdly, terms and conditions can be determined through *collective bargaining* which can be defined as '…a method of determining terms and conditions of employment and regulating the employment relationship which utilises the process of negotiation between representatives of management and employees…' (Salamon 2000). What collective bargaining does is attempt to countervail 'the power imbalance' by facing employers collectively. In accordance, we should expect a greater chance that the interests of both parties may be considered equally in collective bargaining between *even parties* (Salamon 2000). Arguably, the question of whose interests is being promoted – and indeed if there actually is any conflict of interest – is an empirical question (Edwards 2003). As with legislation, the design of regulation depends highly upon the interests represented in collective bargaining. In addition, an often cited advantage stemming from collective bargaining at sector level lies in the possibility for customisation to specific pressures that are shared by firms in sectors (Arrowsmith & Sisson 1999). Bargaining actors are simply closer than politicians to the challenges faced by employers and employees alike, e.g. like falling competitiveness due to inappropriate work organisation. Therefore, given the *proximity* and level of information of actors in collective bargaining we should expect collective agreements to produce – on the whole – more apt regulation than national statutory provisions. For example, while national statutory limits on working time might provide employees with a clear idea of working hours, they might be too rigid for companies and equally so for employees wanting more flexible patterns. Collective agreements between actors at sector level on working time could thus be less rigid and more apt to cater for these needs than national standards. Of course, the proximity argument is less valid vis-à-vis market-based determination of terms and conditions where customisation is down to the individual.

In sum, we get a dual advantage from collective bargaining as a governance form through equalisation of power imbalances and the possibility of customisation to business conditions. Therefore we contend that collective bargaining can – under the right circumstances – deliver both flexibility and security and thereby overcome the apparent trade-offs inherent in legislation and markets, respectively. This is not to say that collective bargaining will logically balance

the two interests every time. Indeed, every negotiation will have its own logic depending on the specific interests and mutual dependence of the actors. If one actor is wholly dependent on an outcome and the other is not, we would expect the latter's interests to be favoured (Salamon 2000).

Logically it follows from our contentions that for collective bargaining to contribute to flexicurity, this form of governance should have some space or rather *autonomy* in the labour market model. In other words a logical precondition for an affirmative answer to our research question is that collective bargaining is present and considerable enough to set terms and conditions for employment. Thus, contribution of sector level bargaining to flexicurity is conditioned by the ability of social partners to design regulation either autonomously or in cooperation with governments.

Above we have contended that there are important differences between our countries – the UK representing a market-based model, Denmark a collective bargaining model and Spain a state-dominated model. We would therefore expect that this general context for sector level bargaining and agreements will affect the contribution to flexicurity accordingly across our countries. This is shown in the table below.

Table 6: Links between governance forms and flexicurity

	Flexibility	**Security**	**Country**
Markets	⇑⇑	⇓	UK
Legislation	⇓	⇑⇑	Spain
Collective agreements	⇑	⇑	Denmark

While these general assumptions about collective bargaining – relative to legislation and markets – are important theoretical justifications for assuming a link between collective bargaining and flexicurity, we need to know the dynamics facilitating such a connection. In what follows, we identify three 'facilitators' for developing flexicurity.

Producing regulation and distributing benefits and costs

In collective bargaining – as in any other rule-making process – there are two dimensions for reaching an outcome: *production* and *distribution* (Scharpf 1997). The former refers to reaching an agreement on how to devise regulation, the latter to the distribution of benefits and costs for affected groups. This is a highly salient issue in the regulation of flexibility and security where both employers and employees experience the costs and benefits of changes to collective agreements. As Scharpf states, there will be no production of regulation unless '*acceptable sharing of value is assured*'. This would imply that unless both parties have actually reached a satisfactory outcome of negotiations, no collective agreement can be signed (with subsequent occurrence of strikes and/or lock-outs). Thus, if actors depend upon reaching an agreement, that is renewal of the collective agreement, then we should expect willingness to reach

compromises and in this regard regulation assimilating the balances of flexibility and security outlined above[7]. We present three facilitators whereby the issue of production and distribution can be resolved in a balanced manner.

Joint problem solving

By way of identifying shared problems in the sector, social partners should – ceteris paribus – be more interested in *producing* an agreement than getting a distributive upper-hand (Scharpf 1997). Of course, this depends on the readiness and ability of actors to identify shared problems and subsequently engage in *joint problem solving*.

A good example of this mentioned above is lifelong learning, echoing the concept of '*integrative bargaining'* (McKersie & Walton 1966). If solely dependent on employer initiative, investment in transferable skills and thus *employment security* might suffer from 'poaching' even though the whole of the sector – both employers and employees – have an interest in raising skill levels. Collective agreements stipulating employee rights *for the whole sector* could solve this problem, thus creating a *win/win pay-off*.

Facilitator 1: By identifying shared problems in the sector social partners can engage in *joint problem solving* to produce solutions that benefit both parties.

Exchanges

However, not all items in collective bargaining are perceived as shared problems and perhaps more often than not, negotiations are more about distributive issues than merely the production of rules (Scharpf 1997). In other words, we are dealing with zero-sum games where one party's gain is the other party's loss – echoing the concept of distributive bargaining (McKersie & Walton 1966).

Wilthagen & Tros (2004) have noted that the scope of issues included in collective bargaining rounds at sector level might be influential for developing flexicurity through exchanges. Andersen (2005) applies this to the Danish case and finds preliminary examples that an increased number of issues dealt with in collective bargaining – that is the breadth of agreements – gives social partners increased opportunities for exchange in negotiations. Scharpf (1997) directs the attention to conscious and deliberate side payments in negotiations whereby distributive issues are resolved that would otherwise have hindered rule-making. A case in point is how rights to paid leave that constitute a cost for employers can be exchanged for increased *working time flexibility* thus making the production of an agreement possible. In flexicurity terms, trade-offs that seemingly favour only one party can be turned into *compensated trade-off*s or indeed *win/win pay-off*s through side-payments. Ceteris paribus, the more items you can include in bargaining, the higher the possibility for agreements. Of

[7] Note, however, that the combinations of flexibility and security might not be reached deliberately by social partners. Indeed, we should be open to the idea that flexicurity can be developed in the absence of a clear design (Madsen 2005).

course, as in any negotiation, the costs and benefits of an agreement have to be weighed against the costs and benefits of rejecting agreement.

Facilitator 2a: By consciously and deliberately offering side-payments in *exchanges* on certain items, negotiations can produce balanced flexicurity regulation.

Facilitator 2b: *A broad scope of bargaining topics* increases the probability of exchanges between social partners and thus the probability of reaching flexicurity regulation.

Package-deals

While exchange through side-payments is a strong facilitator for production of flexicurity, there are instances where *'side payments may not be feasible or normatively acceptable'* (Scharpf 1997). In these instances, social partners are not able to find discrete solutions for particular bargaining items and will have to combine the entire list of demands on each side in a joint package that together makes agreement feasible. This way the cost and benefits of any individual item becomes less relevant since the overall result is beneficial for parties to the agreement (Scharpf 1997). As in any negotiation, the costs and benefits of an agreement has to be weighed against the costs and benefits of rejecting agreement.

To reiterate the example of paid leave, employers might not be able to accept it even when offered side payments such as flexible working time. However, when faced with the overall package – and with it the avoidance of a costly industrial conflict – the costs of paid leave are in fact negligible compared to the host of benefits to employers inherent in the final agreement.

As such, package deals blur the question of how individual exchanges might be disadvantageous and the success of this facilitator depends on social partners' readiness to think of overall costs and benefits and not of single items. The deliberate and conscious single-item exchange in other words becomes obsolete. Similar to exchanges, sector level bargaining with broad bargaining agendas facilitates this process by assembling and coordinating the wide range of issues pertinent to flexicurity.

Facilitator 3a: By way of linking items together in *package deals*, sector level collective bargaining can overcome single-item deadlocks and produce flexicurity regulation.

Facilitator 3b: *A broad scope of bargaining topics* increases the probability of package deals between social partners and thus the probability of reaching flexicurity regulation.

The connection between facilitators and flexicurity balances

It could seem straightforward to link specific facilitators to specific flexicurity balances from the above presentation. Joint problem solving should, all things be equal, lend itself to win/win pay-offs simply because it is a joint process of solving shared problems. Similarly, exchanges lend themselves to compensated trade-offs where side-payments offset the costs for one party. With package deals the issue becomes more blurry simply because we are dealing with multiple balances that are created simultaneously and perhaps without the deliberation of parties as to the singular balances. For package deals it becomes the task of the analyser to disentangle the flexicurity output.

We wish to urge caution in assuming such linkage as final agreements can turn out to be more complex than the above logic suggests. It might be that joint-problem solving and exchanges on the whole are connected to win/win pay-offs and compensated trade-offs, respectively, but different outcomes are not inconceivable – at least not theoretically. For example, joint-problem solving could end up in compensation where both parties agree that there is a trade-off which poses a problem for one party. Here compensation is not an exchange between two independent parties but rather a deliberate attempt to take ownership of each others problems. Analytically it becomes hard to distinguish the two and we have to rely on the statements of respondents and our interpretation to identify facilitators.

4 Research design

The following pages outline how we intend to analyse and compare countries and sectors. This is followed by a presentation of process-tracing by which we intend to employ our three facilitators. Finally, we present the data used to explore the relationship between variables.

4.1 The comparative approach

The study adopts J. S. Mill's *method of agreement,* which looks at two or more cases where only one condition is in common and linked to a certain outcome in the dependent variable. As we shall see in the analytical chapters the UK, Denmark and Spain differ considerably in their ways of providing welfare services and in regulating labour markets. In accordance with our distinction between legislation, markets and collective bargaining it seems fair to say that each country's labour markets are dominated by one of these regulatory forms as noted above.

That our countries represent different labour market models and thus potentially different balances of flexibility and security is congruent with the method of agreement. Therefore, if collective bargaining in three very different contexts contributes to development of flexicurity, then the link between collective bargaining and flexicurity appears as a powerful explanation (Ragin 1987).

Inclusion of sectors without sector level bargaining was initially planned by the authors but it was not possible due to lack of comparable data at sector level. This is unfortunate as it would have made theoretical inference about relations between variables possible. As such, the study instead prioritises an in-depth look into print and electrical contracting across three countries over inclusion of more sectors. This can be justified given that explanations for flexicurity are relatively under-researched (Yin 1994). By analysing print and electrical contracting in-depth the report serves as a preliminary study of the proposed link between collective bargaining and flexicurity that will give an idea of whether or not this link is worth investigating more intensely in future studies (Ragin 1987). Indeed, if the study finds that *1)* collective bargaining at sector level does not lead to flexicurity, or *2)* in one case does and in the other does not, each scenario provides useful information. In the former instance, we might wish to completely revise or discard the causal link and in the latter, we might wish to look for conditions that work behind or together with collective bargaining leading to variation in the dependent variable. Of course, inference is always preliminary as alternative or future cases might alter relationships in variables (George and Bennett 2004).

Moreover, the method of agreement presupposes that other relevant independent variables do not co-vary with flexicurity in which case we would have – so called – '*equifinality'* where different causal patterns lead to similar outcomes on the dependent variable (George and Bennett 2004). Arguably, this is a general problem for all comparative studies aiming to infer causality and for the present study it would be naïve to think that we can preclude other conditions

leading to flexicurity. By fixing the unit of analysis to print and electrical contracting it is possible to hold conditions in markets and technology constant across countries (Marginson and Sisson 2006). But we can not preclude that national conditions might be at play and the ideal control of other variables is not possible. Furthermore, we can not rule out that formal flexicurity might be procured at levels other than the sector and furthermore the study does not investigate flexicurity 'in practice.' The dependent variable is therefore analytically reduced, which does have implications for the validity of the study. Instead of trying to control for other conditions, we suggest a comparative approach that incorporates contexts in the analysis.

As noted above, *'equifinality'* calls for sensitivity to the importance of context when comparing IR phenomenon across countries (Locke and Thelen 1995). According to 'contextual comparison' the unit of analysis, in this study collective bargaining and flexicurity regulation, can only rightly be seen by including the context in which these processes and substantive regulations are embedded. While context could potentially refer to a wide group of social, cultural and economic factors[8], this study analytically restricts itself to include the *role of statutory provisions and the state; procedural framework for collective bargaining* and *bargaining relationship between social partners*. These country-specific conditions are coupled with an appreciation of the *market conditions* and *technological development* in the print sector. The way trade unions and employers' associations bargain collectively can therefore be understood in its institutional, cultural and industrial context. Furthermore, by looking at contexts it is also possible to consider whether chosen sectors are typical or deviant cases in UK, Denmark and Spain (Gospel and Druker 1998). Finally, by including contexts across our countries we are also able to establish empirically – not *a priori* – whether we are dealing with similar or different IR-systems and indeed how apparently different contexts interact with the primary variables, i.e. formal regulation and collective bargaining processes (Locke and Thelen 1995). Contextualising does not mean controlling for the host of conditions framing collective bargaining and we do not pretend that these factors can be controlled to allow for a pure 'experimental design'[9] (Ragin 1987). Rather, contextual conditions are employed only as an *interpretative frame of reference* for the primary variables of the study. It is not within the scope of the study to give an independent analysis of the contexts for each country and sector and secondary literature has been used instead.

[8] Locke and Thelen suggest an approach that contextualises social phenomenon by considering the institutions and identities of each country and how these alter the face of similar phenomenon across borders. Thus what seems to be a comparison of apples and oranges might in fact be valid given a contextualised view of the phenomenon.

[9] As Ragin (1987) notes, rarely can social sciences compare to units of analysis that only differ on one condition which is the basis of a pure experiment to allow for causal inference.

4.2 Process-tracing

The above has made it clear that the primary aim of this study is not to make clear causal inference (if this is at all possible), but rather in a preliminary manner to investigate whether collective bargaining processes do contribute to the development of flexicurity regulation and if so how. While a 'simple' cross-table of presence and absence of flexicurity together with collective bargaining is an important step to determine *whether*, it does not grapple with the underlying dynamics of *how* collective bargaining contributes to flexicurity. George and Bennett recommend process-tracing of historical events *to 'identify the intervening causal process – the causal chain and causal mechanism – between an independent variable (or variables) and the outcome of the dependent variable'* (2004: 206). The analytical framework and working hypotheses have already proposed causal mechanisms or – perhaps more aptly put – *facilitators* for reaching flexicurity regulation through collective bargaining. To reiterate, these were:

Facilitator 1: By identifying shared problems in the sector, social partners can engage in *joint problem solving* to produce solutions that benefit both parties.
Facilitator 2a: By offering side-payments in *exchanges* on certain items, negotiations can produce balanced flexicurity regulation.
Facilitator 2b: *A broad scope of bargaining topics* increases the probability of exchanges between social partners and thus the probability of reaching flexicurity regulation.
Facilitator 3a: By way of linking items together in *package deals*, sector level collective bargaining can overcome single-item deadlocks and produce flexicurity regulation.
Facilitator 3b: *A broad scope of bargaining topics* increases the probability of package deals between social partners and thus the probability of reaching flexicurity regulation.

Through these facilitators it is possible to investigate actual negotiations and get an idea of the process by which negotiators reached agreements or non-agreements. This is not a complete system of hypotheses, but rather analytical concepts that capture some of the main dynamics in collective bargaining and thus *how* collective bargaining might contribute to development of flexicurity. Moreover, by tracing processes it might be possible to identify how contextual conditions frame, and interact with, negotiation processes and allow these facilitators to work giving a more detailed idea of 'equifinality' than mere cross-tables would do. Interviews with both unions and employer representatives should therefore provide empirical qualification for the proposed relationship between collective bargaining and flexicurity but they might also point to other facilitators beyond the three mentioned above, thus refining our theoretical framework (George & Bennett 2004; Rueschmeyer and Stephens 1997).

Arguably, the task of analysing processes and putting them into context requires the researcher to interpret findings and make sense of the statements given by respondents in interviews. As in any interpretative study, this analysis therefore suffers from issues of *reliability* stemming from subjective judgements (Gilje & Grimen 1993). We return to this subject in the concluding chapters.

Table 7: Sequence of analysis

1. Establishing context for collective bargaining	**1. Variation on dependent variable**	**2. Variation on independent variable**	**3. Process-tracing**	**4. Comparison & synthesis**
Analysis of main contextual conditions in UK, Denmark and Spain (role of statutory provisions and the state; procedural framework for collective bargaining and bargaining relationship between social partners)	Analysis of relevant pieces of regulation - national policies and collective agreement at sector level Identification of flexicurity in statutory provisions and collective agreements	Existence of sector level agreements (given by case-selection) Specific contribution of collective agreements to flexicurity	Analysis of negotiations processes Identification of facilitators for development of flexicurity	Cross-table of print and electrical contracting to establish contribution of collective agreements to flexicurity Cross-country summary of process-tracings Reference to contextual conditions in each country and sector

4.3 Data for the dependent variable

As noted above, flexicurity has been conceptualised as balances that simultaneously or in combination enhance flexibility and security for employers and workers. For reasons of comparability between the UK, Denmark and Spain an approach has been chosen that restricts flexicurity to formal/written regulation. As already stated, such formal regulation can exist at various levels – either in national policies, collective agreements at national, sectoral, company or establishment level and finally in unilateral HR-policies. The study has restricted itself to include national legislation and collective agreements at either national or sector levels that cover the substantive items connected to flexibility and security in model 2. The core focus is on the two collective agreements in print and electrical contracting, respectively.

In terms of methodology, regulations have been analysed by their content and taken at face-value. Therefore, no attempt has been made to critically evaluate the real contribution of these regulations on practice by employers and workers. This has serious ramifications for the possibility of identifying variance in the dependent variable to which we return in the concluding chapters. In the analyses, variance is identified by looking at apparent instances of *win/win pay-off*s, *compensated trade-off*s, non-*compensated trade-off*s and *lose/lose pay-off*s in regulation. More importantly, variance is identified through the specific instances when collective agreements contribute to development of balances, either by supplementing or deviating from national statutory provisions

or when collective agreements fill out substantive items on which legislation is absent.

Note that in the analyses of each collective agreement for the UK, Denmark and Spain respectively, the following headings will be used to categorise the substantive items in the agreements: *Pay, working time, job demarcations and productivity related measures, training and education, social benefits and entitlements, and provisions for atypical workers*. These categories are thought comprehensive enough to cover the balances conceptualised in the analytical framework above.

4.4 Data for the independent variable

Obviously, the restrictive case selection of sectors that have sector level collective bargaining in many ways pre-determines variation in the independent variable. That is: *the existence of collective bargaining has already been established* – the analytical consequences hereof were treated above.

Semi-structured interviews[10] with key actors in negotiations leading to the concerned sector agreements in the UK, Denmark and Spain were conducted in order to obtain data on how collective bargaining facilitates flexicurity by getting first-hand accounts. Evidently, it is important to hear both sides of the table to ensure a full picture of the processes surrounding negotiations. The informants were chosen based on their proximity to and participation in top level negotiations.

Contact was made with unions and employers' associations by identifying signatories to the agreements or otherwise participating individuals. This selection method was judged fairly uncontroversial and avoided selection bias, in that only a few persons actually had access to the negotiations in question and that the higher positions of informants guaranteed comprehensive knowledge of what actually happened.

Also, in addition to interviews with negotiators, background interviews were conducted in the UK with research officers from the UNITE Union and policy advisors from the Confederation of British Industries (CBI) and the Trade Union Confederation (TUC).

A table listing the informants according to country, sector, organisation and the time of interviews can be found in the appendices.

[10] All interviews (except background interviews) were transcribed and subsequently coded in NVIVO – a software programme for qualitative data – using a standardised coding frame which can be seen in Appendix 1. This allowed for systematic analysis of interviews using the theoretically derived categories outlined in the analytical framework.

5 United Kingdom

Flexicurity has received considerably less interest amongst political actors in the UK compared to many other European countries. A straightforward explanation for this lack of interest might be that overall the UK labour market performance matches in some respects that of flexicurity model countries like Denmark.

The Employment in Europe report shows a remarkable fall in unemployment and rise in employment levels during the last decade and on nearly every indicator, the UK has fared better than EU-averages with the notable exceptions of income inequality distribution and at-risk-of-poverty rates. This strong performance has often been explained by UK's firm commitment to a dynamic and deregulated labour market and effective welfare policies that do not hamper flexibility but encourage labour market participation (European Commission 2008).

When asked about flexicurity one of our respondents from a governmental department replied; *'the best way to social security is through a job.*' This view seems to sum up nicely how the UK Government considers policies related to flexicurity. Indeed, much of the EU's efforts to coordinate employment policies in a direction of flexicurity have been deflected by the UK with reference to the feeble relevance it has for the UK labour market.

UK trade unions have – not surprisingly – favoured the security dimensions of flexicurity especially those related to enhanced focus on re-training and improved social benefits. However, the general view also seems to be that flexicurity is yet another way to undermine collective bargaining by introducing regulation that would further individualise the employment relationship by introducing (even) more flexible forms of employment contracts in the UK.

Employers, represented by the CBI, are sceptical about flexicurity seeing it as Brussels way of introducing regulatory burdens on UK businesses. Indeed, this is a common stance whenever the EU commission comes up with a 'good idea.' Much like the government, employers stress that a balance of flexibility and security is already in place when one looks at *external numerical flexibility* and *employment security*. New policies mean new restrictions on business and thus potentially less employment the argument seems to go, echoing *laissez faire* logics so prevalent in the UK.

In the first section of this chapter on the UK we briefly introduce the welfare and labour market model of regulation which serves as a background for national legislation and thus flexicurity. Next, we present the main regulation of both external and internal flexicurity as presented above. Hereby we touch upon statutory regulation of relevant forms of flexibility and security in the UK labour market, with special focus upon internal flexicurity.

This is followed by our analysis of first print and then electrical contracting which constitutes the main empirical investigation of the report. Finally, we summarise the research findings on balances of flexicurity in our two chosen sectors.

5.1 The UK welfare and labour market model

In line with our analytical division of external and internal flexicurity we begin the chapter on the UK by presenting the main features of the welfare state and labour market model. Arguably, the two can not be separated in reality (Esping-Andersen 1999) as transitions in and out of employment are heavily affected by the two realms of policy. However, for analytical reasons and our research questions, we treat them individually in this presentation and prioritise characterising the UK labour market model.

The UK welfare state model

The Beveridge welfare state model of the UK – which in many ways has survived decades of reforms – builds on the principle of universalism, i.e. that all citizens are eligible to welfare services and benefits. However, the UK shares with other Anglo-Saxon countries, a *residual* view of the welfare state (Esping-Andersen 1999).

In other words, the primary focus for welfare policies is on helping those in genuine need of help through means-tested programs thus avoiding excessive welfare dependency. Accordingly, well-off individuals subject to social risks like unemployment are referred to the market rather than government agencies for help. Moreover, eligibility and duration of welfare schemes have been tightened as an attempt to 'roll back government' from the labour market. The UK model proposes the dual advantage of restricting budget expenditure – which can be read as government expenditure on e.g. labour market policies – and of avoiding perverse incentives to remain on social benefits as eligibility is controlled through means-testing and limited duration (Mailand 2006). The role of social policies are geared towards the requirements of labour market flexibility and thus promoting competitiveness rather than welfare delivery per se (Lindsay and Mailand 2004).

In recent decades, delivery of welfare has been privatised and outsourced to a high degree, although the National Health Service remains publicly owned. Employment policies and especially active labour market policies have been laid out to private companies, but also trade unions have gained a not insignificant role in procuring for example re-training for unemployed. However, when it comes to designing and planning skills development it seems fair to say that trade unions have been sidelined, whereas employers have been given a more central role (McIlroy 2008).

The UK labour market model

While we shall not dwell on the details of the UK labour market model, it is important to stress some core characteristics of how regulation is structured.

Firstly, until very recently UK governments have remained remarkably passive in regulation of labour markets with only some upsurge in activity during the income policies of the 1970s (Crouch 2003). Any text on UK industrial relations would stress the importance of *voluntarism* and legal abstention (Hyman 2003). Voluntary collective bargaining was seen as the optimal procedure for

establishing terms and conditions for workers. Labour law was on the other hand largely disregarded as a way of regulating employment and both employers and trade unions fiercely opposed state intervention – albeit for different reasons.

Secondly, while voluntary collective bargaining and agreements was the preferred way of regulating employment relationships in the UK, no attempts to introduce a comprehensive procedural framework around collective bargaining have been successful. Even today collective agreements are only binding in honour – a 'gentlemen's agreement' – and are only legally valid and enforceable when incorporated into individual labour contracts. In other words, the only means of sanctions[11] UK trade unions have are inherently reduced to industrial actions and the immunities[12] allowing this. While industry-wide agreements to a large extent covered the UK economy, these agreements did not secure a comprehensive vertical coordination of lower level bargaining.

Thirdly, collective bargaining has in the main been limited to 'bread and butter' issues involving pay and working time and some social benefits like sick pay and occupational pensions. With regards to the breadth of collective agreements, UK social partners have mostly been focusing on these 'hard issues' of employment and less so on developing negotiations on issues like training and work-life balance (Davies et al. 2004; Hyman 2003).

Fourthly, industrial relations in the UK have often been characterised as highly adversarial with a 'zero-sum' bargaining culture and poor labour market outcomes stemming from it.

Legislation from 1979 and onwards by the Thatcher governments introduced intra-organisational regulations on trade unions and severe restrictions on their capacity for industrial actions which combined reduced the strength of trade unions to force employers into collective bargaining.

It seems fair to state that industrial relations Acts by Conservative governments during 1979-1997 provided a hostile institutional environment for unions' position with workers. The subsequent decline in trade union densities and strength is arguably a complex phenomenon (Colling 2003; Terry 2003) but trade unions and collective bargaining was no longer seen as the way to regulate employment relationships.

Davies et al. (2004) note that decentralisation in the UK went from multi-employer agreements through single-employer agreements to no collective agreements at all, due to de-recognition at workplace level. Recent figures report a coverage rate of 26 % in the private sector supporting claims that UK collective industrial relations are being reduced to a public sector phenomenon

[11] Evidently, some sectors have created separate institutions that govern the procedures of collective bargaining, monitoring, enforcement and sanctioning, but these are in themselves only a product of contingent relationships between unions and employers.
[12] Only through so called immunities are trade unions allowed to take industrial action against employers in furtherance of an industrial dispute. If such an immunity cannot be granted due to procedural flaws then the industrial action will be judged as a breach of the employment contract and will thus be penalised (Dickens and Hall 2003).

where 82 % of employees are covered by collective bargaining (Bach and Winchester 2003;Kersley et al. 2006).

Table 8: Coverage rates in UK private sector

	Share of employees covered by collective agreement (percent)
All private-sector employees	26
Manufacturing	38

Source: Kersley et al. 2006: 182. Base: All private sector workplaces with 10 or more employees.

Indeed, the share of workplaces covered by multi-employer bargaining in the UK fell from 41 % in 1984 to only 6 % in 1998 (Healy, Rainnie, & Telford 2004) which has been termed by some scholars as 'disorganised decentralisation' (Traxler 1995).

When Labour came to power in 1997 they introduced statutory backing for collective bargaining through the Employment Relations Act (ERA)[13] of 1999 which provided statutory trade union recognition in workplaces with at least 21 employees.

Aimed at aiding trade unions get a foot inside the 'factory door,' Dickens and Hall (2006) however note that the recognition provision does not help unions get back to multi-employer bargaining at sector level or recruit members. Nor does it prevent employers from signing individual contracts with workers and thereby circumvent collective agreements. As such, the guiding principle is still 'voluntarism'.

The Government also established the Partnership at Work fund, which aimed to support partnerships between employers, employees and their representatives. Basically, these actors can seek funding for specific projects that seek to put partnership into practice at workplace, sectoral or national level (Gregory 2004).

5.2 Regulation of external flexicurity in the UK

This section briefly touches upon the main employment and welfare policies connected to model 1 as seen above. To reiterate, the focus is on state regulation that impinge upon *employment security*, *income security* and eternal numerical flexibility.

Employment security

Looking at employment figures it could be argued that UK policies have been highly successful in cracking down on unemployment and passive welfare dependency. Recent reforms by the Labour governments under Tony Blair and

[13] While Labour also adopted the Information and Consultation regulations in 2004 to bring UK law in line with the directive these regulations have less relevance for collective bargaining.

Gordon Brown have promoted 'welfare-to-work' programmes that effectively depart from passive benefits. A core mantra of policies has been 'Making-work-pay.' This approach to employment policies consists of three main mechanisms that mutually reinforce each other (Taylor-Goobye and Larsen 2004). These are the statutory National Minimum Wage (NMW – more on this below) in 1999; tax credits for workers on low wages; and lower the reservation wage by keeping benefit levels low thus avoiding perverse incentives for unemployment.

Secondly and connected to the issue of benefits, active labour market policies (ALMP) have been reformed with *New Deals* for target groups that are especially vulnerable to longer unemployment spells (Lindsay & Mailand 2004). By combining a 'work-first' approach with strict conditionality for seeking benefits, the unemployed are forced to actively look for work and take jobs referred to by personal advisers. Focus is on getting people back into employment as quickly as possible without having to resort to expensive (and often ineffective) job training courses (Freud 2007; Mailand 2006). Apparently one of the advantages of the work-first approach has been the relatively inexpensive road to reduction of unemployment spells without high levels of expenditure on LMP (active and passive measures) as for example, Scandinavian countries do. Denmark spends 4.51 % of GDP on LMP of which 1.85 % is on active measures and 2.66 % on passive measures. In comparison, the UK spends just 0.65 % of GDP on LMP of which 0.46 are on active measures and 0.19 are on passive. Figures for Spain are 2.24 % on LMP of which 0.75 % and 1.49 % are on active and passive measures, respectively (European Commission 2007).

Related to this issue, is the skill provision system. Again and again, the UK has been described as having a skills shortage where poor investment in training and education leads to low wage/low productivity equilibrium to the detriment of employers, workers and the economy in general. The truth is perhaps that the UK population is to some extent polarised between individuals that are highly skilled with post-secondary education and those who only hold very basic or no skills at all (Leitch 2006).

It is not that governmental interest has been lacking as numerous reforms bear witness. At the time of writing (January 2009), Learning and Skills Councils[14] are in charge of planning and funding skills provision and works with nine regional agencies (Regional Development Agencies). The latter are in charge of regional implementation of national policies in cooperation with Jobcentre Plus and Sector Skills Councils (SSC), e.g. by developing Regional Skills Partnerships (McIlroy 2008). Moreover, the regional efforts are flanked by a local structure of skills provisions and partnerships.

The approach to skills provisions is voluntary with no compulsion on the part of either employers or workers. However, since the Leitch report (2006), focus has been placed on demands by employers which is very predominant in SSCs (Leitch 2006). Here industrial representatives of business (and a few trade

[14] Learning and Skills Councils will be replaced by a Skills Funding Agency by 2010, which will be in sole charge on funding, not planning skills provision.

union representatives) come together and define what is needed – to varying success. This is backed up by numerous government schemes that help coordinate and sometimes fund education and training.

Income security

This approach to benefits and stimulation of labour market participation is reflected in the often used proxy for *income security* in flexicurity studies, i.e. net replacement rates when pay in replaced by income transfers. Studies show that the UK has lower replacement rates than Denmark but higher than Spain. The average of net replacement rates over 60 months of unemployment in the UK in 2005 for four family types and two earnings levels[15] was a little over 60 %, just below 80 % in Denmark and just under 50 % in Spain (OECD 2006).

Thus, while this frequently used (and controversial) proxy for characterising welfare states and models is lower than a flexicurity model country like Denmark (Madsen 2005), the UK is in fact not a minimalist country. We do not wish to go deeper into the discussion about how to characterise UK using welfare typology (Esping-Andersen 1999), but this middle position of replacement rates merits due consideration and rebuts simplistic categorisation. Note that the above figures are unweighted averages that might blur the income composition of a country's population and other calculation methods give a substantially lower replacement rate. Moreover, replacement rates depend on previous income levels which is why high-income groups in, for example Denmark, are hit relatively harder when receiving capped benefits (see below).

External numerical flexibility

Another often highlighted trait of UK labour market regulation is the ease of hiring and firing workers, i.e. a high *external numerical flexibility*. In a flexicurity perspective, formal *job security* (as opposed to perceived *job security*) is rather low due to few restrictions on dismissing and making workers redundant. The OECD has constructed an index for measuring and comparing what they call employment protection legislation (EPL) in countries using scaled indicators ranging from 0 to 6 (6 being most restrictive). EPL concerning collective dismissals refers to regulation in addition to rules concerning individual dismissals, e.g. scope of definition of collective dismissals, additional notification/delay requirements, and special costs associated with collective dismissals. For regular employment this reflects permissive procedures, short notification periods and severance payments. These three categories are measured in the UK as follows; EPL for regular employment (value of 1.12), EPL for temporary forms of employment (0.50) and legislation on collective dismissals (2.88).

[15] Unweighted averages, for earnings levels of 67% and 100% of average wage. Any income taxes payable on unemployment benefits are determined in relation to annualised benefit values (i.e. monthly values multiplied by 12) even if the maximum benefit duration is shorter than 12 months. For married couples the percentage of average wage relates to one spouse only; the second spouse is assumed to be "inactive" with no earnings (OECD 2006).

Using weighted averages on these scores for the UK the overall EPL is 1.10 which is substantially lower than Spain (3.06) and slightly lower than Denmark (1.83) (OECD 2004: table 2.A2.1).

Again it is important to note the 'targeted approach' since redundancy payments and notification standards only apply to employees with an employment contract. While regulation concerning temporary forms of employment is treated below in the section on fixed term contracts it should be noted that since the Fixed-term Regulations of 2002 these workers are entitled to statutory redundancy payments if they have been continuously employed with their employer for two years or more.

Notification periods and redundancy payments are often items for negotiations between employers and trade unions through either multi-employer or single-employer agreements that can extend but not derogate statutory rights. The rules therefore constitute guaranteed minimum standards that are based upon age and length of service (Department for Employment and Learning 2005).

5.3 Regulation of internal flexicurity in the UK

The following sections present the most pertinent pieces of legislation and how these form the statutory foundation for internal flexicurity in Model 2 and thus the foundation for collective bargaining in our chosen sectors.

However, before presenting these policies it is essential to explain the 'targeted approach' of UK labour law. The 'targeted approach' is defined as the legal distinction between 'employees' and 'workers that do not work under a contract (House of Lords 2007). The latter group consists of temporary agency workers, casual workers and some freelance workers[16]. The distinction is relevant since certain statutory rights are restricted to workers with a contract of employment, i.e. employees. To clarify, the following rights apply to all workers in the UK: *equality of opportunities; the NMW, health and safety; working time entitlements such as paid annual leave, daily and weekly rest breaks; protection against unlawful deductions from wages and the right to be union member* (Ibid: 28). Any additional rights as outlined below do not apply for workers without a contract of employment. The normal distinction between typical and atypical forms of employment therefore does not entirely capture the differences in terms and conditions between groups of workers in the UK (Ibid: 29).

Wage flexibility and income security

The NMW is the prime example of Labour's departure from deregulation and its commitment to combine business friendly measures with fairness at work. Against the backdrop of growing evidence that large sections of the UK labour market comprised low paid jobs, as a consequence, among other things, of declining collective bargaining and the abolition of Wage Councils[17] in 1993,

[16] Self-employed are not included in the category.
[17] Wage councils had determined pay raises in industries that did not have sufficient bargaining coverage (Rubery and Edwards 2003)

policies to provide a minimum floor on wages had become a part of the Labour Party agenda (Rubery & Edwards 2003). An additional driver for providing a statutory minimum wage was to give the unemployed a financial incentive to take employment in accordance with the 'making work pay' logic (Taylor-Goobye & Larsen 2004).

Determination of NMW levels is carried out continuously by the Low Pay Commission[18] through careful impact assessments on earnings and employments levels. All workers are covered and only genuinely self-employed, volunteers and sea-farers are excluded from NMW, which is an hourly rate based on no more than a month's reference period, i.e. pay for a month divided by hours worked. The NMW has three levels with declining standard rates; for workers over 21 years (£5.73 per hour); workers aged 18-21 (£4.77 per hour); and workers aged 16-17 (£3.53 per hour) (Department of Business Enterprise & Regulatory Reform 2007- rates per 1 October 2007). These rates cover basic earnings and do not include premium payments for, for example: overtime and shift working.

Working time flexibility and Combination security

As the Labour government ended the UK's opt-out of the EU Social Chapter, the directive on working time (1993) was implemented with the Working Time Regulations (WTR) of 1998 (amended in 1999). The directive was controversial among other things[19] for its objective of setting uniform standards across Europe and it was vital for the government to safeguard some flexibility in regulation to appease employers (and indeed some employees depending on overtime pay).

The regulations give *a right to: a maximum weekly working time of 48 hours over a reference period of 17 weeks; 4.-8 weeks paid leave (holiday) a year and daily/weekly breaks; and an 8 hour restriction on night work* (Department of Business Enterprise & Regulatory Reform 2007). All workers are covered, with the exception of workers where working time is not predefined or measured or can be determined by the worker herself (Barnard et al. 2003). This definition will typically exclude employees with managerial responsibilities. Also, WTR is open to lengthening the reference period to 52 weeks by a workforce agreement (union or non-union). In line with the government's strategy of balancing fairness with business friendly regulation, the individual opt-out of the 48-hour rule was incorporated into UK legislation allowing individuals to sign employment contracts without the 48 hour limit. A long standing tradition of a 'long working hours culture' in the UK might explain this phenomenon and although the UK has a relatively wide range of working time patterns, the UK average

[18] Seeking to strike a compromise between interests, the LPC comprised representatives from trade unions, employers and academic experts and conjured up a compromise on level and coverage of NMW that was accepted by the government in 1999 (Rubery & Edwards 2003).

[19] Many member states – including the UK – questioned the right of the EU to regulate working time on the grounds that it was not related to health and safety and therefore not within the remits of community regulation.

working time remains the highest in Europe (Department of Trade and Industry 2004; Keune and Galgóczi 2006).

Combination security and Income security[20]

One of the Labour government's focal points has been the reconciliation of work and family life for which the natural starting point was the extension of, and more comprehensive leave arrangements for parents. The schemes both foster *combination security* and also guarantee incomes during these transitory periods and are therefore also considered as *income security*. All women have a right to 52 weeks maternity leave (26 weeks ordinary + 26 weeks additional) Women with at least 26 weeks continuous employment with same employer at the time of notification, i.e. no later than 15th weeks before the expected date of childbirth, are entitled to Statutory Maternity Pay (SMP) which equals 90 % of average gross weekly earnings for the first 6 weeks with no upper limit and paid mainly by employers[21]. After these 6 weeks a cap (£117 in October 2008) on the allowance kicks in (Department of Work and Pensions 2008). Male workers have a right to one or two weeks of paternity leave provided they have worked continuously for their employer leading into the 15th week before the expected week of childbirth. Statutory Paternity Pay (SPP) is also 90 % of average gross weekly earnings or the upper cap. In addition, male workers have the same rights to 13 weeks unpaid parental leave.

As a further help, since 2003 working parents with children between 0-6 years or disabled children below 18 have the right to request flexible working. Only employees (not all workers) who have worked with their employer continuously for 26 weeks are eligible. Employers are only compelled to seriously consider the request for flexible working not to award it[22]. Flexible working could mean reduced hours or a different distribution or variation during certain periods – the concrete measures adopted are subject to agreement between management and employee.

Any employee has a right to Statutory Sick Pay (SSP) even from the first day of work with a new employer provided you are sick for at least 4 days. SSP is paid by the employer for up to a maximum of 28 weeks and amounts to a standard weekly rate of £74.40 (Department of Work and Pensions 2008). This is arguably an important form of *income security* for workers falling ill during employment, although whether the UK level of statutory sick pay offers sufficient security for workers is questionable.

[20] This section – and the equivalent on Denmark – draws strongly on the work of Larsen (2007)

[21] For small firms, SMP during first 6 weeks may be reimbursed by the state (BERR, 2007)

[22] However, evidence suggests that requests are rarely turned down with a tentative figure of 91 % accepted requests (Department of Business Enterprise & Regulatory Reform 2007).

Employment security

Very few public schemes of skills provisions are available for employed people as the UK government considers training an individual or corporate responsibility. Moreover, as frequently argued elsewhere, the incentives for UK firms to invest in training workers are weak since labour mobility is relatively high (Estevez-Abe et al. 2001). The paradox arising from the current skills provisions system is that employers and society require more qualified workers but no-one, including the government wants to foot the bill. The OECD reports the expected number of hours spent on non-formal job-related training to be little over 300 for a 40 year working life. In comparison, Danish workers are expected to spend over 900 hours (OECD 2007a). While this is not exclusively a governmental responsibility it does point to deficiencies.

Paraphrasing a UK commentator, the logic seems to be that 'the state should expedite rather than regulate the market' of skills provision (McIlroy 2008). A notable exception is the Train to Gain programme for employed persons wanting to re-train or upgrade their skills. However, there is no compulsion on employers and no guaranteed funding from the authorities. Also, the government has tried to certify employers according to their investment in skills where good employers are heralded as an 'Investor in People.' Here, it seems that reputation rather than compulsion should incite employers to invest more in training. Moreover, unions have been given some rights in administering public policies on vocational training through, for example, the establishment of Union Learning Representatives at the workplace. As mentioned above, however, the Labour government has adopted a view that training should be demand-led by employers which shifts primacy to employers in defining skills provisions (Leitch 2006; McIlroy 2008). Continued marketability of workers and with it *employment security* is as such very much individualised in the UK. The system still seems fairly fragmented and the continuous reforms indicate possibly is inadequate. It is thus dubious how well government policies aid employed persons in re-training and up-skilling which could potentially deteriorate *employment security*.

Atypical employment and flexicurity

Two highly influential directives have been incorporated into UK legislation – the Part- time Directive in 2000 and the Fixed-term directive 2002 which provided prevention of less-favourable treatment for these groups of atypical employment.

Equal treatment is defined as the right to *same rates of pay (including overtime pay when they have worked normal full time hours); contractual sick pay or maternity pay, access to pension schemes and pension scheme benefits; no exclusion from training; contractual maternity leave, parental leave made available; same criteria for selecting workers for redundancy; rights to claim unfair dismissal if made redundant because of part timers trying to enforce above rights* (Department of Business Enterprise & Regulatory Reform 2007).

The regulation of fixed term work restricts employer use of successive definite contracts to four years. After four years any such contract becomes indefinite, although derogation from this rule may be justified on 'objective reasons' or via workforce agreements (both union and non-union). The provisions for part-time and fixed-term workers can – however – be circumvented by reference to so called 'objective reasons'. We will not reflect on this highly complex legal issue of 'objective reasons', but only note that this potential loop-hole could erode regulations depending on interpretation at employment tribunals. Likewise, the term 'comparable workers' in regulations requires a concrete and therefore contingent interpretation of comparator for part-time and fixed-term workers which can in the end make claims impossible. The same issues apply to Denmark as we shall see.

The recently proposed temporary agency worker directive[23] (July 2008) aims at providing rights to equal treatment for agency workers in the EU and thus the UK. However, the directive has still to be passed by the EU Parliament; be transposed into national legislation and then implemented in the labour markets. It is thus important to stress that at present writing (January 2009) no legislation on equal treatment exists for temporary agency workers in the UK other than the absolute minimal requirements in the Employment Agencies Act 1973 and the Conduct of Employment Agencies and Employment Business Regulations 2003. This group does – in accordance with the targeted approach – fall outside the employee category.

5.4 Flexicurity and collective barbaining in UK print

As an introduction to the analytical chapter on UK print we first present some general features of print and proceed to outline the main actors of collective bargaining, the bargaining structures and agreements for analysis. This is followed by the actual analysis of whether bargaining of these agreements contribute to flexicurity, and if so, how it did so.

Market and technology

UK print directly employs approximately 200.000 workers in 12.000 enterprises most of them small with under 50 employees. With annual sales of approximately £14 billion this makes print the 5th biggest manufacturing sector in the UK (UNITE 2007). For UK print companies this means focus on costs and thereby also labour costs, since foreign producers increasingly compete with domestic companies for orders (EIRO 2006). To some extent the focus on costs has brought about outsourcing of post-press activities requiring less skill and

[23] The directive proposed: 1) Equal treatment as of the first day on the job will apply to temporary agency workers in terms of pay, leave and maternity leave. 2) Derogation from this requirement is possible through collective agreements. 3) Temporary agency workers will have equal access to collective facilities, such as a canteen, childcare facilities or transport services. 4) Member States must improve temporary agency workers' access to training and childcare facilities in periods between their assignments so as to increase their employability. 5) Member States have to impose penalties for non-compliance by temporary work agencies and user companies (EIRO 2008b).

specialisation. ICT aids these processes since value chains can more easily be separated physically from each other (Newsome 2000).

Employment in UK print has fallen some 20 % during the last five years according to the British Print Industries Federation (BPIF).

Collective bargaining actors, structures and processes

Erosion of old craft bases and changes in the employment structures of print in general together with the overall membership decline has resulted in several amalgamations of trade unions related to the graphical and print industry. The Graphical Paper and Media (GPM) union, itself a result of an amalgamation in 1991 between two unions, was co-opted by AMICUS in 2004 as a distinct GPM section and is now part of UNITE when AMICUS and Transport & General Workers Union merged[24]. Some of the latest membership figures from 2003-2004 report 102.000 members of GPMU (EIRO 2006: 5) and the UNITE GPM section estimates a relatively high, albeit waning, union density rate of 60 % in print. Organisationally, GPM is divided into 'branches' by geographical regions and 'chapels' by workplace[25] (Healy, Rainnie, & Telford 2004).

Employers are organised in British Print Industries Federation (BPIF) which is remarkably representative of both small and large print enterprises and acts both as an employers and business association[26]. Approximately 2000 companies belong to BPIF which represents about 60 % of sales turnover in the industry (EIRO 2006: 5).

UK print is – as mentioned above – one of the few industries that have retained multiemployer bargaining structures despite the extensive dismantling of such during recent decades. The National Agreement has thus provided standards on pay, benefits, working time, productivity, training, health and safety and equal opportunities for three grades of workers, Class I, II and III that represent different occupations and skill levels (see table below). These standards have to varying degrees been supplemented at local levels giving the agreement status as a framework. Actual wages in the workplaces are estimated to be around one-third higher than in the National Agreement (EIRO 2006: 7). Union estimates, moreover, suggest that the National Agreement represents more than 50 % of print employers in the UK and members of the BPIF employ over 80 % (Ibid).

[24] At the time of the bargaining processes analysed in this report, AMICUS GPM section conducted negotiations on the union side.
[25] This is a slightly different nomenclature than found in other sectors where workplace representation is usually called 'branches'.
[26] The general distinction between employers and business association refers to the domain of interest representation. Employers associations represent the collective interest of companies vis-à-vis labour, e.g. by conducting collective bargaining, while business associations represent companies' interest in other domains relevant to business.

Table 9: Workers within grades in National Agreement

	Craft/Class I	**Class II**	**Class III**
Pre-press	Scanner Operator Planner-plate maker Apple Mac Operator Proofing	Plate maker Film Stripper	
Press	No. 1 Machine Minder No. 2 Machine Minder Machine Minder	Small Offset Machine Minder Machine Assistant	
Post Press	Bookbinders Machine rulers Experienced cutters Envelope machine adjusters	Persons engaged in: Case making, quarter binding, indexing, laying on gold, person in charge of automatic fed sewing machine	Others including: Baling waste, banding, book cancelling and packing, creasing, dye letting, inspection and checking, jacketing, sewing machine assistant, lithographic preparers

Sources: (Beck, Clarke, & Michielsen 2003; Healy, Rainnie, & Telford 2004)

While the collective bargaining structures have historically been rather successful indicated by high competitiveness and relatively low industrial unrest, parties to the agreement saw a need for change in 2003 and made a joint application for funding under DTI's Partnership at Work initiative (see above). To this end, a joint review body was formed consisting of BPIF and AMICUS reps and chaired by an independent industrial relations expert[27]. Furthermore, it was agreed that input should be gathered through a survey of both employer and employee views together with focus groups and case studies on the needs of the industry (BPIF/Amicus 2005). The results of these investigations were hereafter used as shared inputs for the further negotiations. The aim of negotiations was to give a major overhaul to the existing provisions and provide new ones, without touching upon wage levels for I, II and III. The reason for omitting wages was to avoid blocking progress on the other issues.

The following presents how the Partnership Agreement in print contributes to flexibility and security and how the provisions were negotiated between AMICUS and BPIF. We focus on pay; working time; notice periods and *external numerical flexibility*; job demarcations and productivity related measures; training and education; social benefits and holidays along with provisions for atypical employment.

Pay

While negotiations leading up to the Partnership Agreement of 2005 did not address the settlement of pay rates for the above mentioned grades, the basic bargaining framework in print has general ramifications for the balance between *wage flexibility* and *income security* as defined in this study.

[27] Professor Frank Burchill from Keele University.

Basic rates in UK Print constitute minimum levels of pay for which there should be no downward deviations. These rates lie significantly above the NMW.

On one hand *income security* of workers in print is therefore well guaranteed through annual wage increases that ensure a floor under which wages can not fall regardless of the employment situation of the individual worker. On the other hand, in most companies these basic pay increases do not reflect actual wage levels because of extensive local negotiations and individual wage setting, constituting upward *wage flexibility* and the possibility for wage differentials. In flexicurity terms this *'organised decentralisation'* through framework agreement on pay thus provides a *win/win pay-off* between *wage flexibility* and *income security*.

However, interviews with respondents in print revealed the possibility of downward deviations in cases of company hardship, although this is not stated in the agreement. The process is, nevertheless, managed via inclusion of trade union shop stewards and/or officials together with management and BPIF officials in setting the extent and duration of downward deviations. Here, the trade-off between wage-flexibility (due to cost considerations) and *income security* (loss of income) is compensated by some sort of *employment security* (keeping a job with the company).

Working time

Contrary to pay, working time was a top item for both AMICUS and BPIF in the 2005 negotiations. Regarding maximum duration of working time, the Agreement stays within the general statutory provisions of a 48 hour/week, but with the individual opt-out and also the negotiated extension of reference period to 52 weeks. Print follows legislation quite neatly and it was not evident from interviews that these provisions had been subject for actual negotiations

The Agreement provides for more variability and distribution of working time. A major issue was shift working where a multitude of interests were at stake. In order to maximise return on capital and machine utilisation employers had the issue on top of their wish list. In connection hereof, both employers and employees wanted a reduction in the use of excessive over time – for the former reducing overtime was a way to reduce labour costs and for the latter it would mean better *combination security* and working conditions. However, efforts to reform working time practices had hitherto run astray because of employee concerns about loss of an income they have become used to and employer concerns about the effects of changes to manning levels. According to respondents on both sides, the issue was resolved through a joint-problem solving approach in which both parties' interests could be combined through a compensation involving provisions on extensive shift working (*working time flexibility*) and generous shift working premiums (not regarded as *income security* here) which obliterated any employee concerns about loosing out on the normal overtime payments. The positive side-effect was a solution to the problem of overtime working – employers switched from paying premiums for overtime to shift

work premiums and got around the clock manning, and employees got the same income levels while getting more time-off which could be seen as *combination security*[28]. With the transition to shift working, a union interviewee expressed enthusiasm about workers actually working fewer hours and on fewer days, thus giving more time-off. However, as we shall see in the Danish chapter below, there is nothing to suggest that shift working enhances *combination security a priori*, and in general one should be cautious to presume *combination security* from locally agreed working time arrangements

Moreover, the Agreement stipulates that the arrangement of working time is seen as a managerial prerogative which effectively affirms *working time flexibility*. Variability and distribution of working time thus lies with management but potentially this is balanced by full consultation and discussion with company chapels and notice rules for shift working and changes hereof which should guarantee employee planning of work and social activities *(combination security)*. The issue of working time – at least when it involves mutual and balanced discussions – could potentially constitute a *win/win pay-off* that match *working time flexibility* with *combination security*. However, as noted above studies of actual practice at workplace level – or even at the level of the individual worker – are needed to judge whether a flexicurity balance has been established.

Interviewees characterised the negotiation process as somewhere between joint-problem solving and exchange whereby the common problem of working time was resolved through a solution that respected each party's interest equally. It was not possible to assess how the new provisions have the potential to increase work intensity, but this might be the negative side-effect for workers in an otherwise win-win solution.

Notice periods and external numerical flexibility

Provisions on notice in the Partnership Agreement do not substantially diverge from statutory regulation and do therefore not interfere with the overall permissiveness of *external numerical flexibility* in the UK.

Job demarcations and productivity related measures

For along time a core theme in print has been how technological developments have spurred transformation of work organisation and required *functional flexibility* in the labour process especially of pre-press and press stages.

The union attitude towards changes and indeed eliminations of job demarcations in the 2005 negotiations were – perhaps to some surprise – positive with the aim of establishing full *functional flexibility* in the workplace (the following provisions: BPIF/Amicus 2005: 17-22).

§ 11 in the Agreement stipulates the commitment by both parties to efficiency and productivity through effective deployment of personnel achieved in

[28] In passing, it should be noted that union requests for reductions in normal working time had been aired at negotiations for a long time but had not been well received by the BPIF.

cooperation between management and chapel locally. This is coupled with § 13 on manning in which it is stated: the Agreement does not specify manning arrangements (job demarcations) because this matter varies according to machine, product, and technological developments and the ability of an individual company to compete in markets. Thus demarcations are replaced by the ability to deploy employees flexibly between machines and equipment in order to reduce downtime and meet variations in production and customer demand.

Again, management and chapels are required to negotiate these arrangements locally, thus giving some co-determination to *functional flexibility*. Alongside co-determination on the processes of manning and flexibility of labour, § 15 provides *job security* for workers subject to *functional flexibility* by stating that no person shall be made redundant as a direct result of the above mentioned provisions.

Furthermore, our interviews suggest that requests for *functional flexibility* were met positively by unions on the condition of *income security*, i.e. that no such transfers between tasks and positions within the workplace could trigger lower pay for the individual worker. It could also be argued that the competitive pressures in the sector have made these developments necessary anyway for the sake of protecting employment. Indeed, in many ways our interviews suggest that practice in companies were already extremely flexible and that the Partnership Agreement merely reflects past developments in work organisation.

Altogether, *functional flexibility* has been exchanged for *income security, job security* and local procedural control over work re-organisations. The latent risk of de-skilling via *functional flexibility* therefore to some degree has been compensated through these security measures.

Another provision – albeit agreed previously to the Partnership negotiations – which deals with *functional flexibility* is the full cost recovery clause in § 12 stating that all additional costs arising from collective agreements shall be recovered through efficiency and productivity enhancing measures at the workplace. The clause gives employers a mechanism to endure costs, but through the encouragement of active and on-going dialogue between management and chapel, the clause also transfers partnership principles to the workplace. The logic seems to be one of *win/win pay-off* where *income security* (due to annual wage increases that safeguard real wages) and *functional flexibility* are exchanged[29].

Training and education

A clear objective on both sides in the 2005 negotiations was the resolution of training and education in the sector which is suffering from similar skills short-

[29] Thus would suggest a win-win scenario, but the arrangement is arguably employer-driven according to our union interviewee.
In practice, some companies have used the clause to withhold wage increases for shorter and longer periods under the guise of waiting for productivity rising – which is not the objective according to the union respondent. Again, social partners have stepped in to resolve local disagreements.

ages to other sectors of the British economy. In a flexicurity perspective high levels of training could increase *functional flexibility* and *employment security* synchronically.

It is therefore all the more interesting to learn from interviews that this item was one of the most debated and hardest to crack in the 2005 negotiations. For many years Unions had aired the need for, and lobbied Government for a training levy whereby companies within a certain sector are forced by the government to pay a fixed percentage of the payroll on training if they do not live up to certain standards on training. While the Labour government had not been particularly willing to introduce compulsory regulation like levies, nevertheless this time unions had strong backing from the Government to demand concrete results on training – and AMICUS favoured a levy.

Negotiations were therefore carried out in 'the shadow of hierarchy' where government intervention spurred social partners (especially BPIF) to engage full-heartedly in producing agreements on training. BPIF had been given a strong message by their members to resist a training levy because of the compulsive elements inherent in such an approach. BPIF therefore favoured – and was indeed bound by members to – a solution based on voluntary provisions for training.

§ 10 on learning and skills (BPIF/Amicus 2005: 16) stipulates both employers' and employees' commitment to training activities and co-planning of these between management and chapel. Companies are committed (or should be committed) to spend *an amount equal to minimum 0.5 % of their pay roll (exclusive of employer pensions and national insurance contributions) to training within their companies* (Ibid: 16-17). Thus, although a minimum amount is stipulated in the article, there is no compulsion and equally important, no sanctions to bear on companies that do not comply. According to AMIUCS, the solution was a choice of lesser evils, the worst scenario being no agreement on training at all. BPIF for their part felt obliged to at least deliver something on training. AMICUS accepted the provision in the end but made BPIF concede on the inclusion of 'paragraph J' which stipulates a review of employer's spending on training and moreover states that the Government has informed the BPIF and AMICUS that they will act to introduce a statutory measure in the print industry should companies fail to provide the level of investment in training (Ibid). According to the union informant, reports on levels of training were not promising and the issue of training and skills shortages does not seem to have been solved by § 10 spurring renewed calls for the introduction of a training levy.

The process echoes other studies on training and the so called 'skills gap' in the UK where the financial responsibility for training is pushed between Government and employers – the former being reluctant to strain public budgets and afraid of upsetting business with regulation; the latter being afraid of poaching by other companies and generally rising costs (Leitch 2006). It could be said the opportunity to create a *win/win pay-off* including enhanced *functional flexibility* and *employment security* was wasted in negotiations.

Social benefits and entitlements

AMICUS came into the Partnership negotiations with a clear demand that sick pay be improved and made it clear that this was a core issue if an agreement on the whole package were to be reached. Sick pay can be regarded to secure incomes during periods of illness, i.e. *income security*.

Hitherto, the agreement in print provided minimum sick pay for employees with one year's service at 75 % of full standard weekly salary. Sick pay is arguably an important element of security by guaranteeing a reasonable level of income for workers falling ill.

What the Partnership agreement did was both lengthen and increase sick leave payments as shown below. The employer interviewee informed that BPIF was not adamant about these improvements due to sheer considerations of decency – besides; many companies were already above minimum levels and would therefore not be burdened by additional costs. BPIF's main concern was that more generous terms might cause absence levels to rise, resulting in higher costs and a loss of productive hours.

As a joint-problem solving exercise social partners recognised the interests and concerns of both parties and sought resolution by raising sick pay on one hand and ensuring control of absence levels on the other. The solution was found in the Bradford Points system[30] which is used to monitor frequency and length of absence and thereby sanction workers who are repeatedly absent and perhaps abusing the system. Also, § 28 (BPIF/Amicus 2005: 28) contains provisions for cover of absence by allowing other members of crews to take over during absence – which is connected to *functional flexibility* mentioned above For longer periods of absence local agreements between management and chapel shall be made.

In flexicurity terms, the solution reached by the Agreement seems to constitute a *win/win pay-off* combining *income security*, cost containment, *functional flexibility* and hereby a secure labour supply. Once again, this underlines the point made above that employers are not solely interested in flexibility but also require security especially of labour supply.

A request by the union to get above the statutory levels on paid leave was also aired but never seriously considered. Any direct improvement to *combination security* concerning paid time-off was therefore not achieved and the most significant change to work-life balance lies with the shift-work patterns already mentioned.

Provisions for atypical employment

The Partnership Agreement also revised provisions for atypical workers understood here as either part-time, fixed term or agency workers. As stated above, the two former groups of workers enjoy protection from less favourable treat-

[30] The Bradford Point system is developed at Bradford University and uses an index based on a formula which highlights repeated short-term absence by giving extra weight to the number of absences (BPIF/Amicus 2005).

ment as a result of Part-time Regulations of 2000 and Fixed-term employees Regulations from 2002 whereas agency workers do not enjoy such protection yet[31]. However, the Agreement itself contains aspects concerning atypical employment.

Firstly, it guarantees part-time employees premia for work during unsocial hours on top of the statutory rights already in regulations. Moreover, as eligibility to benefits like sick pay and notice periods is contingent on length of service and not accumulated work hours, part-timers are on equal terms as typical workers. The latter provision can be seen to strengthen *income security* for these groups of workers. Also, fixed term employees – whether full-time or part-time – are entitled to shift premia.

Secondly, there are no provisions in the Agreement for accumulation of seniority over consecutive fixed-term contracts which could exempt these workers from being entitled to sick pay. Noteworthy, accruement of holidays and holiday pay is covered in the Agreement. Legislation require – as presented above – employers to offer permanent contracts after four years of consecutive fixed-term contracts which – it could be argued - is a long time to wait for entitlements to benefits. The Agreement actually reduces this period to six consecutive months without requiring the offer of a permanent contract. Part 5, section B of the Agreement only requires *the situation to be reviewed with chapel officials* with a view to consider regular employment (BPIF/Amicus 2005: 55). Indeed if fixed-term employees are offered regular employment after six months work, this constitutes a huge difference for these groups in the print sector compared to what statutory rights can give them.

Thirdly, the Agreement goes on to give the same offer to agency workers as early as after three months of consecutive employment. Here, the Partnership Agreement treads ground that is not covered in legislation yet. Whether the Agreement goes as far as to guarantee equal treatment for agency workers is dubious. It suggests that companies use reputable agencies and that they *seek to ensure* that the rates of pay received by agency workers are equivalent to those paid to employed staff in comparable positions. The non-compulsive character of wording is noteworthy, but again it is important to stress that equal treatment for agency workers is mentioned at all. Similarly to fixed-term contracts, there are no provisions on accumulation of seniority for agency workers.

When asked about the provisions on offers for regular employment, the employer respondent remarked that the offer of permanent employment simply represented good and fair management practice. Of course, the non-compulsive character might suggest that employers fall back on legislative standards, but nevertheless it remains important that chapels have a right to review the situation of each individual fixed-term worker.

Fourthly, the Agreement goes on to define the scope of using fixed-term, agency and/or casual labour. It stated that the use of these forms of labour

[31] The recent break-through between the TUC, CBI and the Government, together with the subsequent developments at EU-level, promises to change the legal status of agency workers (EIRO 2008b).

should only apply *to cover peaks in production and short-term production difficulties like absent employees or vacant positions* (BPIF/Amicus 2005: 54). More importantly, it is stated that individual companies will seek to maximise security of employment. No existing employee shall be made redundant as a direct result of the implementation of this agreement [on atypical contracts] (Ibid.).

From a flexicurity perspective this latter section is interesting. At a glance, it would appear that companies are restricted in their use of *external numerical flexibility*. However, it could also be argued that by agreeing to these provisions, unions irrevocably accept the use of atypical employment forms, provided that this does not mean loss of jobs for their core constituencies – that is regular employees. The latter interpretation suggests a trade-off resulting in low *external numerical flexibility* and high *job security* for regular employees. Whether or not this results in restrictions on actually hiring atypical workers is hard to tell merely from looking at regulations. Looking at the provisions from an insider-outsider perspective, unions have managed, on one hand, to restrict hiring of outsiders to special circumstances and without directly substituting insiders. On the other hand, they have ensured that these outsiders are not under-cutting terms and conditions of insiders, thus making atypical employment less attractive for employers. Evidently, the latter can not be attributed primarily to collective bargaining as legislation is the main reason for equal treatment.

Summary of UK Print

In 2005, social partners in UK print made a major overhaul to existing provisions in the sector level agreement. On numerous substantive issues the Partnership Agreement in UK Print contributes to balances between flexibility and security by building upon the statutory minimum requirements or filling in where they are absent. This section briefly summarises the most pertinent flexicurity balances identified in the analysis and how they were created in the 2005 negotiation. A full table in the appendix summarises all the provisions analysed above.

Generally, a *win/win pay-off* between *wage flexibility* and *income security*, seems to have been created whereby variability is framed by minimum wage levels. However, interviews with respondents in print revealed the possibility of downward deviations in cases of company hardship – a so called hardship clause. Although these procedures are not enshrined in the Agreement and were not part of the negotiations in question, they nevertheless encapsulate an important *compensated trade-off* involving *wage flexibility* and *job security* for the loss of *income security*. While not part of the 2005 negotiations, this balance is part of an exchange between social partners.

Another major change in the 2005 agreement was the removal of job demarcations which should enhance *functional flexibility* in the workplace. While potentially stripping old occupations of their monopoly to mind certain machines, unions conceded the move on condition of *income security* – that is – no

worker should receive a lower wage because of the changes. It seems that a *win/win pay-off* has been created here.

Another *win/win pay-off* seems to be found in relation to sick pay where social partners succeeded in reforming the system so it addresses both employee concerns about income during sickness and employer concerns about absenteeism. Although, not typically mentioned as a dimension of flexicurity, steady labour supply for employers – *labour security!* – is coupled with *income security* and thus could be seen as an alternative version of a *win/win pay-off*.

Training was highlighted as a major concern in the industry and is usually an item of *win/win pay-offs*. Somewhat reflecting the overall concern of skills shortage in the UK social partners could only commit 0.5 of payroll on training. While in theory a reflection of *win/win pay-off* between *functional flexibility* and *employment security*, our respondents did not view the provisions as effective. It is dubious whether the outcome of negotiations should not be regarded as a potential *lose/lose pay-off* due to under-investment. Elsewhere pay supplements becomes a key lever for enhancements of flexibility, especially *working time flexibility*. We saw how social partners had reached a common understanding of the need to introduce shift-working and how this could potentially increase combination security. Money was, however, needed to persuade unions as loss of overtime pay was compensated by shift working premia. As noted, premia are not considered *income security*, but the provisions show how the dynamic of *exchanges* can facilitate decisions on flexibility.

Working time flexibility was indeed high on employers' wish list and social partners were successful in allowing considerable autonomy for workplace variation in consultation with the union chapels. Depending on local agreements *win/win pay-offs* between *working time flexibility* and *combination security* can be created, but of course this need not be the case.

In general, it could be argued that social benefits that enhance *income* and *combination security* have been exchanged to introduce enhanced flexibility, especially *working time flexibility* – hereby creating *compensated trade-offs* in the overall package.

Concerning atypical employment, the picture comes out somewhat blurry. Transposition of part-time and fixed-term workers directives into UK legislation should guarantee equal treatment on core substantive issues like pay, holiday, training etc. This enhances *income, employment* and *combination security* on the hand and *external numerical* and *working time flexibility* on the other and could be seen as a *win/win pay-off*.

Similar provisions are suggested for agency workers, as there is still no statutory backing for this group of workers. Moreover, the agreement goes far in securing both fixed-term and agency workers stable employment in view of the risk of being caught in *lose/lose pay-offs* of renewed fixed term contracts or no contracts at all (for agency workers).

However, the agreement also tries to define the boundaries of using fixed-term and agency work to cover peaks of demand only. Similarly, typical employees are protected from redundancies as a direct consequence of using atypi-

cal workers. Potentially this could reflect an *insider-outsider* divide between typical and atypical employment with the latter group losing out on *employment security* to the benefit of *job security* for the former. These restrictions have been instated as an *exchange* to get unions on board with atypical employment and indicate that unions primarily cater for the interest of typical employment.

5.5 Flexicurity and collective bargaining in UK Electrical Contracting

Following the structure from the chapter on UK print, we start by outlining the main characteristics of UK electrical contracting in terms of market and technology together with collective bargaining actors, structures and agreement for analysis. Next, we analyse the bargaining processes leading up to the agreement concerned and how this contributes to flexicurity.

Market and technology

The typical contractor in the UK (that is the enterprise) is very small and only employs between 1-5 workers although a reasonable share of companies employ up to 30 workers (Joint Industry Board 2007).

Competition in the UK industry is mainly domestic due to the on-site character of the work. However, this does not mean that competition is absent since contractors struggle to win projects from each other. Nearly 2/3 of costs are labour related (Gospel & Druker 1998) which makes wages an important competitive factor.

UK electrical contracting comprises approximately 40.000 workers according to rough estimates by the Joint Industry Board (JIB – JIB is described in detail in the following section) and social partners. The labour force is further divided into four occupational categories representing different work tasks and skill levels (see table).

Table 10: Occupations in UK electrical contracting (share of employment in parentheses)

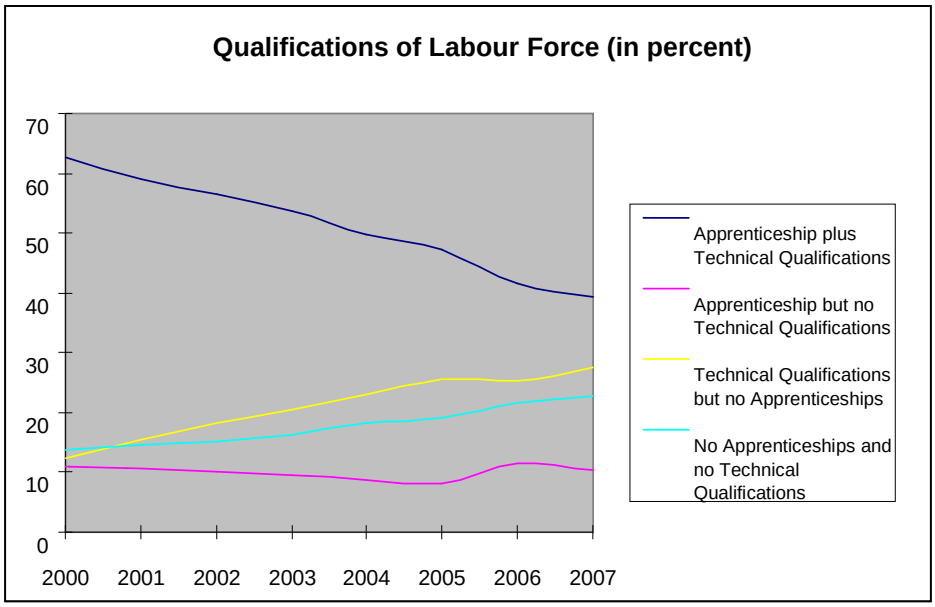
NVQ 3 – no supervision	**Unskilled – under supervision**
Approved Electrician (49,7 %)	Labourer (15, 8 %)
Electrician (26,5 %)	
Technician (8 %)	

Source: (Joint Industry Board 2007)

These so-called operatives – excluding labourers – have all undergone apprenticeships and training governed by JIB and mainly work unsupervised.

However, the figure of 40.000 conceals an important division between those working in companies that are members of the JIB vis-à-vis the so-called 'bogus self-employed' together with agency workers. Both groups represent approximately 50 % of the labour force. 'Bogus' self-employment and agency work made its entry into the sector in the 1970s and the last decade has seen an upsurge in number of workers outside the JIB. The former group has become very prevalent largely because of the tax benefits and avoidance of paying National Insurance Contributions. Evidently, this is a bomb under regulation by sector agreements since there is no employment relationship through which terms and conditions can be governed. Furthermore, no responsibilities for training exist as certification systems governed by the JIB are circumvented. Finally, the responsibilities on employers to ensure that benefits are payable to workers do not exist for this part of the labour force.

Figure 2: Qualifications of UK electrical contracting labour force



Source: (Joint Industry Board 2007)

Collective bargaining actors and structures

As presented in the introduction, electrical contracting is one of the few industries in the UK which has retained a sector level agreement. The JIB has been highly influential in retaining bargaining at industry level. It was set up in 1968 to the backdrop of massive industrial unrest and foot-loose local agreements on pay and benefits (Joint Industry Board 2006). Generally the purpose of the institution is to regulate relationships between employers and employees in electrical contracting and mainly to provide benefits for persons concerned in the industry (Joint Industry Board 2006). These include the grading of operatives; providing training; managing industrial relations, for example, in cases of conflict, and managing welfare benefits plus health care schemes. On the trade union side, UNITE now represents workers in the industry following a series of

mergers over the last two decades. The employers are represented by the Electrical Contractors' Association (ECA) being both an employers' and a business association.

The two parties sit on the JIB and deal with issues relating to the industry on a continuous basis. This is outside the realms of collective bargaining. The JIB governs the terms and conditions that emanate from collective bargaining. These have been compiled in the JIB Handbook which contains terms and conditions relating to the industry together with occupational benefits.

In recent years actual collective bargaining has been consecrated to pay determination the Handbook being considered relatively comprehensive as it stands, i.e. it is a 'mature' agreement in the words of our interviewees. Because of the ever increasing share of employment outside the JIB area, coverage rates have fallen to 50 %, corresponding to the share of enterprises still members of JIB (Joint Industry Board 2007). There are no exact figures on union density rates.

The negotiations analysed here date back to 2007 where a three year pay deal was reached between UNITE and ECA. Although old provisions are also included to give a full picture of balances, how these old provisions were bargained is not analysed. The chapter follows the structure of the analysis on print.

Pay

As noted above, the JIB Handbook contains several relatively old items and negotiations in recent years have therefore mainly been restricted to the issue of pay determination for the industry. Wages are set as either National Minimum Rates for the above listed occupations or as London Rates which contain a top-up due to higher living costs. Also, the Industrial Determination differs between employees with or without their own transportation, this being highly relevant due to the changing location of work on site. The current determination sets wage levels for 2008 – 2010, but the general wage structure was in place long before the bargaining round analysed.

Being substantially above the NMW, the pay agreement guarantees *income security* by providing a floor under wages. This is especially important in a sector where numerous job shifts could have jeopardised income in new positions. Moreover, upward *wage flexibility* is possible by way of local agreement on productivity and incentive schemes which may provide employers and employees with mutual advantages depending on specific arrangements. The *win/win pay-off* seen in UK print potentially also exists in electrical contracting due to the framework character of the agreements. However, due to the transient nature of electrical contracting, many operatives will be affected by periods of inactivity from which *income security* can suffer. Here the opportunities inherent in *external income security* become highly important.

Moreover connected to *wage flexibility*, according to interviewees of the ECA, the use of local supplements was not widespread, especially not in smaller contractors, which remain the most typical type of enterprise in the in-

dustry. Instead of supplementing hourly rates at company level, employers would instead add hours as a bonus, i.e. if you have worked 45 hours during a week you will be paid for 50 hours. According to ECA interviewees this practice was widespread and constitutes an informal way of rewarding extra efforts by workers, thus contributing to *wage flexibility*.

Nonetheless, both union and employer representatives were happy with the recent determination and regarded it as a significant achievement for the industry – in regard to both employee and employer demands. A beneficial *exchange* had been made between the parties' interests.

It is noteworthy that interviewees on both sides expressed growing concerns that the spread of 'bogus' self-employment was undercutting wages through tax-breaks and National Insurance scams. Both UNITE and ECA saw this as the major challenge to the sustainability of industry-wide wage determination in the future. We will return to the issue below.

Working time

No substantive changes were made to working time provisions in the JIB Handbook, the only change relating to working time being the above mentioned reduction in hours needed for overtime payment. While UNITE might have included reduction of overall working time as a standard item on their 'shopping list,' this was quickly rejected by the ECA.

However, it would be erroneous to ignore the many provisions already established on working time, since they bear heavily on *working time flexibility* as well as wage levels. Previous negotiations have arrived at a 37.5 hours standard work week which can vary over a reference period of 52 weeks, the maximum period according to WTR legislation. The individual opt-out of course applies. Also contributing to *working time flexibility* is how distribution of working time can vary across all 24 hours of the day and all seven days of the week. Employees receive compensation in the form of various premia connected to different shifts and weekend work. However, according to interviewees shift working was not frequently used. The Handbook also contains an option to transfer onto flexible working, which means a permanent inclusion of Saturday and Sunday as normal working days with a 15 % premia attached to it. Nevertheless, the most common means of *working time flexibility* in electrical contracting is the UK 'classic,' overtime.

There seems to be a solution where wage premia (*not income security*) are used to compensate for any detrimental effects on *combination security* due to work during unsocial hours. Note that we do not consider these premia as *income security* as they *do not secure income* – they merely add to it.

Whether this has been a deliberate exchange or unconscious consequence of past negotiations is not possible to establish from our interviews. Nevertheless, it seems plausible that trade unions would respond to demands of *working time flexibility* with pecuniary demands – or alternatively reductions in overall working time – to get compensation.

Also, what might at a glance seem like a reduction of *combination security* might work the other way around if one looks at a balanced local agreement, as seen above with shift working. Here, *working time flexibility* increased together with *combination security* thus potentially constitutes a *win/win pay-off*.

Notice periods and external numerical flexibility

There are no additional notice periods in the JIB Handbook which refers to the statutory requirements and corresponds nicely with the transient nature of electrical contracting work. The agreement does therefore not interfere with the generally high *external numerical flexibility* in the UK.

Job demarcations and productivity

The JIB provides quite detailed definitions of grades, what type of work they can undertake and what substantive terms and conditions they will receive. This is closely tied to JIB approved occupational training whereby apprentices become certified workers within electrical contracting at NVQ3 level. Together these components have a significant impact on *functional flexibility*.

Unions (and for a long time the ECA) have jealously defended these grades, arguing that they help guarantee a high level of professional standards together with high productivity as well as well regulated terms and conditions for workers in electrical contracting. The ECA do not disagree with this viewpoint and strongly believes in the JIB certification procedures and job demarcations. However, the use of agency labour and 'bogus' self-employment threatens the system and certified labour is being outmatched on labour costs. In the 2007 negotiations, the ECA therefore wanted to instate a NVQ2 grade to counter the tendency of bogus self-employment. The new grade was aimed at co-opting these 'illegal' workers into certified position. Furthermore, with new types of work more befitting to NVQ2 levels, the new grade would fit technological developments in the industry. Despite ECA's attempts to insure reasonably high wage levels for the new grade (only 5 % lower than electrician's wages), UNITE refused on grounds that it would deskill the industry and thereby also wage levels. They feared that NVQ2 workers would be stuck at this level and not reach NVQ3 grades through training. So not only would these new grades potentially take employment from their main constituency, they would not solve the skill shortage in the industry.

The process and result can be viewed from different angles. On the one hand, it could be said that UNITE was merely protecting insiders in electrical contracting by fencing off potential entrants with lower levels of training. Hereby, their main constituency can retain their monopoly of providing electrical services. *Employment security* (and *income security*) for one group is maintained (or increased) at the expense of the *employment security* of another group. This is to the detriment of *functional flexibility* for employers, i.e. an un*compensated trade-off*.

On the other hand, the process could be said to ensure continued high productivity and an avoidance of de-skilling. However, in a situation where 50 %

of the work in electrical contracting is already being carried out by agency or self-employed workers the risk of de-skilling appears smaller with a new certified NVQ2 grade. It seems hard to avoid an insider-outsider interpretation of UNITE's refusal, i.e. it is an *uncompensated trade-off*.

Training and education

When the JIB was formed in the sixties, one of its greatest merits was the instalment of a skills certification system that effectively ensured qualified operatives and thus a high degree of *functional flexibility* together with *employment security*.

The JIB registers and monitors training of all apprentices in the industry and also operates the grading of operatives on technical qualifications and practical experience (Joint Industry Board 2006). Moreover, UNITE and ECA have set-up Joint Training Limited which provides the bulk of apprentices in England (and Wales) with 3000 recruits per year.

However, in line with other industries in the UK, electrical contracting suffers from a skills shortage and with an ageing workforce this problem will only be exacerbated in coming years (Joint Industry Board 2007). This coupled with the issue of agency work and 'bogus' self-employment, two groups that presumably do not receive adequate amounts of training, puts the industry in a serious situation – according to interviewees.

It remains, nevertheless, that social partners are heavily involved in providing training and education, albeit to a lesser degree in the realms of collective bargaining. The provisions on Adult Craft Training stemming from 1989 aim at re-educating adult operatives to reach higher levels of competence while still recieving either full or slightly reduced pay. This should ensure *income security, employment security* and *functional flexibility*, i.e. a potential *win/win pay-off*.

To the regret of both parties, the scheme has rarely been used, making provisions a 'dead-letter' and therefore *not leading to flexicurity*. Instead, much of the training is done on site and informally, this despite social partners' acknowledgement that a more coordinated approach to training is desirable.

With UNITE's refusal to take the NVQ2 grade on board, no changes were made in 2007, but ECA interviewees seemed confident that UNITE could be persuaded to relax their opposition as they face the dual pressure of ageing operatives and uncertified labour.

Social benefits and entitlements

By any standard, the JIB Handbook offers considerable benefits for operatives and was considered by interviewees as a model agreement for other occupations in the construction industry. To reiterate, these benefits and entitlements help guarantee *combination security* together with *income security* as income levels are guaranteed during different transitions during employment.

The JIB Combined Benefits Scheme covers various benefits that are awarded to any JIB graded operative and works on a credit basis according to

which operatives – or de facto their employers – 'buy 'points through their wages and hereby accumulate eligibility.

The scheme covers sick pay, bereavement leave, holiday pay, death benefit[32], permanent & total disability insurance together with private medical insurance. Generally, these benefits guarantee some form of *income security* at different periods and stages of working life. As such they can also be argued to ensure *combination security*, i.e. holiday pay. Being well established, recent negotiations have been about adjusting and improving the benefits rather than adding to or removing items and the 2007 negotiations were no exception.

Only sick pay and bereavement leave were changed substantially – the latter by one day (from 2 to 3 days). Concerning sick pay, both the length and level was improved substantially. JIB operatives receive a weekly payment from the 3rd week of sickness for up to 28 weeks which supplements the SSP. The level was increased from £140 a week to £160. As interviewees noted, these improvements of income/*combination security* were part of the package deal that made union acceptance easier and no flexibility was achieved in a direct exchange.

Unions tried to get above the statutory levels of paternity leave, but this was not conceded by the ECA. Actually the ECA interviewee noted that paternity leave rates were so low – SSP at £117 compared to standard pay of £ 450-500 per week – that leave was usually taken as regular holiday which underlines the relationship between *income* and *combination security*.

In general, negotiations on benefits seemed to have come to a halt as unions were mainly interested in preserving items already won, and employers had no desire to make radical changes. Arguably, this *status quo* is warranted when considering the package that operatives receive. For example, holiday entitlements have always been generous at 30 days compared to statutory levels that only very recently began to catch up (28 days as of 1. April 2009). All interviewees argued that the agreement was *mature* and did not necessarily need a major overhaul as did the GPM Agreement which explains the limited number of items up for negotiation. However, the dismissal of improving parental leave does indicate a somewhat frozen situation in which the ECA has ceased to think of collective bargaining as much more than mere pay determination.

In flexicurity terms, it is hard to see benefits and entitlements as balanced as they rarely benefit employers in other ways than having satisfied employees (arguably a huge advantage, albeit not captured by our definition of flexicurity). However, in the overall package benefits do facilitate compromise and therefore clears the way for enhanced flexibility. We reflect on this below.

Provisions for atypical employment

Part-time and fixed time legislation has been incorporated into the JIB Handbook and provides prevention of less favourable treatment for these groups of

[32] Evidently, this benefit is payable to family members and can therefore not be considered *income security* per se.

atypical employment. Due to the transient nature of electrical contracting fixed term employment is highly prevalent whereas very few in the industry work part-time. As noted above in the section on working time, overtime rather than reduced time is the norm. The Handbook stipulates that part-time working is permissible upon agreement between employer and employee.

Again, the major issue in UK electrical contracting is the prevalence of indirect employment, either as agency work or 'bogus' self-employment. We have already outlined the problems these forms of atypical employment bring to the balance of flexibility and security. Several attempts have been made by social partners to counter the extensive use by somehow incorporating or co-opting agency and self-employed workers into legitimate JIB statuses. At present, chapter 17 of the Handbook contains the following provisions to try to deal with the problem. Firstly, jobs of directly employed (typical employees) are protected against the use of agency and self-employed workers. Secondly, there are requirements that sub-contracting companies are members of the JIB. Thirdly, agencies must participate in training and have proper relationships with unions. Fourthly, these types of workers must be certified.

Chapter 17 thus aims at co-opting the two groups of workers under the regulation of JIB whereby the aforementioned problems could be resolved. Firstly, a level playing field is created since wage levels are aligned to JIB standards. Both 'regular' employers and directly employed employees should – *ceteris paribus* – benefit from this and for atypical workers, it could raise wages to comparable levels. However, it is erroneous to assume that self-employed and agency workers are paid less than typical employees. Often the whole idea of self-employment is, on one hand, to get cash in hand, and, on the other, make labour cheaper as exemption from National Insurance contributions and other taxes drive non-wage labour costs down.

Secondly, by involving the atypical forms under the JIB certification system, proper training and grading could be ensured, hereby improving both *functional flexibility* and productivity levels together with *employment security* for the individual. In other words, seen from a flexicurity perspective both parties would benefit. Again, reality in the sector counters this logic. Agencies have little if any interest in joining the JIB as long as they can stand outside. Likewise, 'bogus self-employment' and the people that hire them have a mutual interest in avoiding the JIB for as long as compliance to the law is not effectively enforced. The provisions in chapter 17 and more regulation in general are useless if no effective monitoring and sanction mechanism exist.

Thirdly, the inherent *income security* for JIB operatives would be given to agency workers and self-employed if chapter 17 were effective. However, it is exactly the short-sightedness of these groups of workers that prevent such offers from being attractive. Rather than having the security of benefits, they prefer cash-in-hand. Equally, the employing companies and agencies prefer not to buy credits from the JIB benefits system and with no mechanisms to force adherence by companies and workers, chapter 17 becomes a 'dead letter'.

The formal attempt to co-opt agency and self-employed workers *thus falls short* of desires to address agency and 'bogus self-employment.' Clearly, the industry has been segmented into regulated and non-regulated work, but it is not self-evident that the latter group is working under very poor conditions. Arguably, training and benefits are being missed but in the short term, income levels seem up to par and perhaps, sometimes even better than for typical employment. The long-term downside is – as mentioned before – gradual skills shortage, loss of JIB benefits schemes and hollowing out of pensions for a large group of workers. Not to mention how the government is losing out on National Insurance payments from bogus self-employment.

At present[33], flexicurity for self-employed and agency workers is absent in regulation. While *income security*, *combination security* and *employment security* on the one hand are guaranteed through co-option under JIB rules, this has been a huge failure. Employers, on the other hand, seem to enjoy extensive *flexibility* on all four forms, thus constituting an *uncompensated trade-off*. Moreover, typical employment is jealously protected in regulation which indicates an insider-outsider problem that might push these individuals into atypical employment in the first place. Ironically, dynamics in the sector seem to be converse: 'bogus self-employment' and agency work is preferred by electricians over JIB employment.

Summary of UK Electrical Contracting

Sector level bargaining and agreements have a long tradition in UK electrical contracting. The JIB works as an overall organism for industrial relations and terms and conditions in the industrial agreement have been developed through the years giving mutual advantages to employers and employees. However, this mature agreement is being undermined by 'bogus self-employment' and agency work which escape the rules of the JIB and national insurance contributions making this kind of employment cheaper but also without the normal benefits and certifications. Estimates suggest that 50 % of employment is now outside the JIB structure, making it the single most pressing issue in electrical contracting.

As such the agreement is mature and few changes relevant for flexicurity have been made in the negotiations under scrutiny. However, taking a broader look many items contribute significantly to balances between flexibility and security.

There are a few examples of *win/win pay-offs*. Firstly, the framework agreement on minimum basic pay rates together with the possibility of local wage settlement on top seems to constitute a *win/win pay-off* between *income security* and *upward wage flexibility*. However, as employment in the industry is tran-

[33] A new (still pending) initiative by the ECA with the backing of UNITE seems to be on its way which proposes that the JIB should become an employer of agency workers. Co-option of these workers under JIB rules would thus happen through an employment contract. Hereby, a realistic alternative to 'bogus self-employment' and agency working could be achieved.

sient by nature, income is highly contingent upon the job situation, i.e. is there enough demand for labour, whereby *income security* falls back on *external income security* as mentioned above.

Secondly, although not part of the agreement, the industry has a comprehensive skill provision regime governed by the JIB and is constantly under review by social partners. This contributes positively to both *functional flexibility* and *employment security* and thus creates a *win/win pay-off*. The seemingly rosy picture is, however, seriously under threat from 'bogus self-employment' and agency workers who do not receive the same degree of training.

A third *potential win/win pay-off* also deserves mentioning. *Working time flexibility* is firmly secured in the agreement as local agreements are possible in practically every way. Unions have accepted this in *exchange* for pecuniary premia, which we do not consider as *income security*. *Working time flexibility* is potentially a *win/win pay-off* since it could enhance or reduce *combination security* depending on local agreements. We refrain from making conclusions here, but the provisions on working time in the agreement are highly relevant for flexicurity.

Social benefits and entitlement are many in the agreement covering *income security* during different work-life situations. We therefore also consider them as *combination security*. While it was hard to see these provisions as being beneficial to employers, they may have been used in *exchanges* for past introduction of flexibility, especially working time. If so, they could be part of *compensated trade-off*s as 'payment' for loss of *combination security*.

A clearer example of *uncompensated trade-offs* concerned job demarcations which have been defended by unions. Despite efforts by the ECA to introduce a new more encompassing grade at NVQ2 level, the agreement still defends the grading structure, which could be said to hamper *functional flexibility* at the benefit of job and *income security* of old grades. Unions for their part argue that demarcation supports a high level of skills in the industry, but the risk of creating insiders and outsiders is worth stressing.

Finally, many provisions have proven hard to classify. We have already mentioned how working time and flexicurity is highly contingent upon local agreements. Even more blurry, however, is the question of atypical employment on which regulations in the JIB agreement have been reformed numerous times. At present, the provisions try, on one hand, to co-opt agency and self-employment under the JIB rules, and on the other to protect typical employment. So while social partners have agreed to offer atypical employment equal terms and conditions, they are at the same time trying to restrict the use of these employment forms. At a glance, *income*, *combination* and *job/employment security* is low and the *external numerical* and *working time flexibility* is high for these workers, thus constituting an *uncompensated trade-off*. Regulations try to alleviate this, but at the same time reduce *employment security* for atypical workers to protect *job security* for typical employees. The results have been disappointing, as the use of agency workers and self-employment has sky-

rocketed in recent decades. It is hard to reach a conclusive picture from a flexicurity perspective.

5.6 The sectors and the overall flexicurity model in the UK

Perhaps no other country in Europe has experienced as forceful an erosion of collective bargaining over terms and conditions as the UK in the last three decades. While there are many reasons and stories to tell about this development, for present purposes, it means that the sectors analysed are indeed 'deviant cases' that exemplify exceptions to the general picture.

Because of the exceptional existence of sector level agreements in print and electrical contracting, the cases are all the more interesting as they show how flexicurity can be developed through collective bargaining even in a very hostile environment. Also, due to the fact that sector level bargaining is more or less done in isolation – although less so in the electrical contracting sector due to affiliations with general construction – social partners are highly dependent upon continued trust and power parity as no effective institutional backing for collective bargaining exist in the UK.

From the analyses, it is clear that our sector level collective agreements almost exclusively contribute to internal flexicurity (with the exception of notice periods). External flexicurity is regulated through statutory provisions that by most measures can be said to favour *external numerical flexibility* although *income security* is not as bad as sometimes cited. What seems to be lacking in the UK is a comprehensive system of *employment security* – or more precisely – a comprehensive skills provisions regime – something that actually applies to both employed and unemployed individuals.

Concerning internal flexicurity, the long tradition of voluntarism in the UK leaves considerable autonomy for social partners to conclude voluntary agreements on issues affecting flexicurity. In print and electrical contracting, agreements contribute significantly to balances of flexibility and security. The framework character of both ensures variation on pay and working time, while guaranteeing minimum standards on income and work-life balance. Moreover, the numerous social benefits and entitlements add to statutory provisions and could be said to provide an opening for introducing flexibility measures on, for example, *working time* (both sectors) and *functional flexibility* (only print).

However, bargaining in electrical contracting is being threatened by 'bogus self-employment' which is undermining typical employment. Furthermore, the continuance of sector level bargaining in both sectors rests heavily on the will and capacity of social partners in a context where institutional backing for collective bargaining is reduced to a minimum.

6 Denmark

Perhaps with the exception of the Netherlands, no other country has discussed and praised flexicurity as Denmark. From the left to the right of the political spectre, politicians have taken the concept as a state of affairs and as an accomplishment of Danish labour market regulation. This can only rightly be seen in the light of the recent 15 years of Danish 'job miracle' (Madsen & Pedersen 2003) whereby high unemployment was turned into low unemployment and increased employment rates. We have already mentioned the 'Golden Triangle' logic and how this could foster positive labour outcomes through high mobility and labour market dynamics (Andersen & Mailand 2005; Madsen 2005). The kinds of balances we speak about in this report are, however, largely absent from public debates.

Conventionally regarded as a model country for other member states, the Danish debate on flexicurity has been about defending the core features of the model rather than reforming it. As such, the flexicurity model has become a discursive benchmark around which arguments can be made for any employment policy reform.

Not the matter of deliberate design or the conclusive cause of good labour market performance (Madsen 2006), flexicurity is nevertheless regarded across political actors as a common good that creates balance at a macro-level.

Employers associations have, to a large extent accepted the foundations of the model, which builds on high spending on active and passive labour market policies that are tax-financed. Similarly, trade unions do not advocate for restrictions on hiring and firing as the macro compromise in the triangle delivers employment and *income security*. Of course, the present economic downturn (per 2009) can change all this as the model is put to the test. It seems highly unlikely, however, that the over a century old acceptance of high *external numerical flexibility* should wither away during this recession.

6.1 The Danish welfare and labour market model

In line with our analytical division of external and internal flexicurity we begin the chapter on Denmark by presenting the main features of the welfare state and labour market model. We do not contend that the two can be separated in reality (Esping-Andersen 1999) as transitions in and out of employment are heavily affected by the two realms of policy. To reiterate the separation is therefore analytical and connected to our research questions.

The Danish welfare state model

Denmark has – in common with its Scandinavian neighbours, Sweden and Norway – a comprehensive welfare state which provides a relatively broad range of services and schemes to its citizens. Building on a Beveridge principle of universalism, all citizens enjoy free health care and education which is coupled with a comprehensive safety net against social risks like unemployment (see below) regardless of income and participation in the labour market, in con-

trast to Bischmarck welfare states in Continental European (Esping-Andersen 1999). Thus not only is the range of services broad so is eligibility as means-testing is relatively modest. However, as we shall see, labour market policies and specifically, unemployment benefits are an exception to this rule, albeit only to a certain degree. The Danish welfare state is a relatively expensive system and is financed through high and progressive taxation. While often an item of discussion, high taxes are accepted by Danes as services have been de-commodified or rather taken out of private market exchange where individuals would have to pay themselves. In recent decades, this general rule has experienced some exceptions as several functions in the welfare state have to some extent been re-commodified. Generally, welfare services are publicly financed and the change has been about who provides services. Private companies are now to a much larger degree taking over service provision which in turn has reduced public sector employment. Competitive tendering and outsourcing are the main tools here alongside privatisations which – it should be stressed – have been concentrated in utilities. Talks of introducing individualised fees have long been in existence, so far without a thorough changing effect as Danes cling on to free and extensive welfare.

The Danish labour market model[34]

The regulation of the Danish labour market has largely been left to organisations of labour and employers through collective agreements since neither minimum pay, nor minimum working time standards – arguably two core features of the employment relationship – are statutorily regulated (Due et al. 1993). The balance between collective bargaining and law on issues pertinent to internal flexicurity is thus skewed towards collective bargaining, albeit with some notable exceptions that we treat in the next section. Denmark has developed a quite comprehensive procedural framework around collective bargaining which furthermore has – if not constitutional backing – then political backing via abstention from changing this framework. Voluntarism in Denmark builds on a fundamental acceptance that social partners have primacy in determining terms and conditions of employment.

Through the Basic Agreement[35] *(Hovedaftalen)* of 1899 – also called the September Agreement – between the Confederation of Danish Employers (DA) and the Danish Confederation of Trade Unions (LO), the state allowed for the institutionalisation of 'a parallel legal framework' in which rule-making and rule-enforcement of employment regulation is carried out by social partners.

Thus, Danish agreements are legally binding once companies have joined them.

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[34] We will restrict the treatment of Denmark to private sector employment as print and electrical contracting fall into this category.

[35] Furthermore, the Basic Agreement and the Law on Labour Courts institutionalised industrial disputes by establishing a judicial system based on corporative labour courts (*arbejdsret*) and tribunals (*faglig voldgift*) – the former ruling on breaches of agreements and the latter ruling on interpretation of agreements (Due, Madsen, & Strøbye Jensen 1993; Strøby Jensen 2007).

Also, a *'peace obligation'* during the duration of collective agreements was agreed, effectively restricting industrial action to periods after the expiry of collective agreements[36]. Collective bargaining rounds typically occur every third year – albeit with some irregularities – on a multi-employer, industrial basis organised around federations (or bargaining cartels of federations) belonging to LO and DA, respectively. No *erga omnes* provisions exist in Denmark for extending coverage of agreements to all companies in an industry so coverage is contingent either upon companies being members of an employers association or upon companies making accession agreements – that is companies standing outside employers associations but adhering to the agreements made. In fact, single-employer bargaining and agreements are quite widespread in the LO/DA area, amounting to approximately 36 % of employees (Scheuer 2007). Also, collective agreements adhere to the so called 'area principle' which stipulates that any individual working in a industry covered receive the terms, conditions and benefits inherent in agreements – both members and non-members. Table 15 provides figures on coverage rates for the private sector.

Table 11: Coverage Rates in Danish private sector

	Share of employees covered by collective agreement (percent)
All private-sector employees	71
Manufacturing	76

Source: (Scheuer 2007: 239; Scheuer and Madsen 2000: 105)

Another cornerstone of Danish industrial relations has been the public conciliator and linkage rules[37] for collective bargaining (Dansk Arbejdsgiverforening 2006; Strøby Jensen 2007). In instances of negotiation break-downs, the public conciliator will step in to mediate between parties and possibly postpone any industrial actions by 2x14 days. Moreover, the public conciliator can link either *independent agreements, agreements through public conciliator* or *non-agreements* to an assembled bargaining result for the entire LO/DA area, and put this result for ballot with the employees covered by LO/DA agreements (Dansk Arbejdsgiverforening 2006). In sectors that did not reach agreement, even with the mediation of the public conciliator, these parties will receive an *agreement suggestion* from the public conciliator.

[36] This builds on the distinction between *conflicts of interest* on renewal of agreements – where industrial action is allowed – and *conflicts of right* – where industrial action is not allowed and cases should be resolved in labour courts or tribunals.

[37] Linkage rules have been seen as a way to move responsibility for negotiations in each industry to peak level associations, i.e. LO and DA (Due, Madsen, & Strøbye Jensen 1993) and furthermore it has been criticised for squeezing smaller sectors as majority principles apply and larger sectors will evidently dominate here (Strøby Jensen 2007). However, it also provides an incentive for sectoral parties to reach agreements instead of getting an inferior result based on the suggestion of the public conciliator.

However, should the ballot result be negative, industrial dispute is in effect either through lock-out or strike across the LO/DA area. In fact, these instances constitute the frontier of Danish voluntarism and non-interventionism as the Governments can take action by passing a law on terms and conditions if disputes last too long[38]. Over the last two-three decades agreements have moved from comprehensive detailed regulation to framework agreements that define minimum standards which can supplement or deviate from workplace agreements. This is often referred to as the difference between 'normal wage' areas (wage as set in sector level agreement) and 'minimum wage' areas (actual wage set locally), the former constituting approximately 15 % of the entire LO/DA area in 2004 as opposed to 34 % in 1989 (Ibid.).

Since the 1980s, bargaining in the industrial manufacturing sector between Danish Industries (DI) and CO-Industry constitutes a *key-bargaining sector* in the LO/DA area mainly as a result of organisational restructuring on the employer side with trade unions having to follow suit (Due & Madsen, 2006). As negotiations are connected through linkage rules, the key bargaining sector sets the pace and nothing is really settled before this area has reached a settlement which has huge ramifications for bargaining in print. Thus, in what has been termed *'centralised decentralisation'* (Due, Madsen, & Strøbye Jensen 1993) or *'organised decentralisation'* (Traxler 1995) it is the processes of *decentralisation* which allows workplace flexibility to co-exist with *centralisation* in the form of higher level coordination across sectors in Denmark.

Perhaps because of the coordination capacity of this procedural framework, new issues, like pensions and leave arrangements, that go beyond simple 'bread and butter' issues have entered collective bargaining during recent decades adding to the breadth of agreements (Andersen 2005; Due & Madsen 2006).

Many scholars stress the ability of Danish social partners – together with shifting governments – to reach agreements in a *consensual* manner (Due & Madsen 2006). It is not that Danish decision-making on key socio-economic issues is not conflictual – in fact conflict is part of the system (Strøby Jensen 2007). Rather, decision-making processes are based on negotiations and *institutionalised conflict* where social partners take responsibility for issues of encompassing character[39] (Pedersen 2006).

6.2 Regulation of external flexicurity in Denmark

This section briefly outlines the public policies affecting balances of external flexicurity. In accordance with Model 1 on internal flexicurity, we touch upon *employment security*, *income security* and *external numerical flexibility*. The

[38] The timing of intervention is obviously highly politicised as social partners herald their right to independent determination of terms and conditions (and with it the right to take industrial action). Equally important, union members (who are also voters) might resent the regulation proposed by the Government to put an end to disputes.

[39] Cases in point are the Common Declaration of social partners in 1987, but also the recent establishment of educational funds by social partners partly on request of the government in 2007.

rela-tionship betweens these forms of flexibility and security have often been termed the 'Golden Triangle' of flexicurity in Denmark (Madsen 2006).

Employment security

Arguably the reforms in 1994 of Danish labour market policies represent a departure from a 'rights-based' to an 'obligation-based' regime in which unemployed individuals are met with increasing demands in order to receive benefits. While this shift could be argued to follow the logic of 'from Welfare to Work' typically found in Anglo-Saxon countries in Denmark there is still a much stronger element of training and education involved together with longer periods of eligibility (Lindsay & Mailand 2004).

While benefits can be given from the first day of unemployment, recipients are required to be job seeking which, among other things, entails making four job applications a week (under revision) and be willing to take a job on a day's notice. After one year of unemployment individuals (six months for individuals less than 25 years old) are required to enter into activation which consists of either (subsidised) job training or educational programmes with a vocational element. The latter can run up for up to five years. This is coupled with extensive individual job guidance. There were modest attempts in 2007 to introduce additional employment allowance/tax break for low paid workers (2.5 %) on top of the general tax break existing for all workers. However, subsidisation presumably makes up for this without removing the perverse incentives of high reservation wages due to relatively high benefit levels (Westergaard-Nielsen 2008).

Special attention has been given to young people and immigrants to get them into employment. The former group, as noted above, is only eligible to six months on normal benefits before they are forced into vocational education if they have no prior one. Those who do have qualifications are enrolled into job training (Westergaard-Nielsen 2008). The latter group is subject to a so-called 'start aid' (*starthjælp*) which basically entails a substantially lower level of benefits than non-immigrants receive depending on marital and housing status.

Alongside these active labour market policies, Denmark has quite a substantial public skill provision system for vocational training which administers and offers education to both employed and unemployed individuals (Madsen 2005). The system of continuous vocational training consists of a basic programme, Labour Market Educations (*AMU*), Preparatory Adult Education (FVU), General Adult Education (AVU) Initial Adult Training (GVU) and Post-secondary training for Adults (VVU) and various diploma and master programmes (Mailand 2008b). Education and training is offered by both public and private providers. This is organised in a national system with local bodies connected to it with the participation of social partners along occupational lines which gives a strong element of industry-specific skills development (Estevez-Abe, Iversen, & Soskice 2001). It is telling that Denmark is less polarised than, for example, Anglo-Saxon countries when it comes to skills due to a relatively large share of

individuals holding vocational qualifications at the intermediate level (Leitch 2006; Westergaard-Nielsen 2008).

Although skills development for the working population is not a statutory right, collective agreements – as we shall see – stipulate rights along occupational lines which put a floor under levels of training for adults in employment. Effectively, continuous vocational training has become a right. Moreover, public subsidisation is quite heavy making it attractive for employers to put employees on courses. The rights of the unemployed were mentioned above.

Income security

As can be seen from the above, passive labour market policies (here narrowly understood as unemployment benefits) are inextricably linked to active measures after a year, or less for young people.

Building on a voluntary principle of occupational funds (*A-kasser*), insured individuals receive a relatively high benefit once the eligibility criterion of one year's employment is fulfilled. The share of insured in the working population has been decreasing for some time now – from 80% to 70% during the last 15 years (Due and Madsen 2009).

Uninsured individuals (and non-immigrants) receive a means-tested benefit which is substantially below the *A-kasse* benefit. In general, however, replacement rates in Denmark are relatively high which feeds into the 'golden triangle' as high *income security*. The net replacement rates over 60 months of unemployment for four family types and two earnings levels[40] is just below 80 % which is above both other countries examined in this study (just under 50 % in Spain and around 60 % in the UK) (OECD 2006). Note, however, that these rates are controversially high as other studies report a substantially lower average net replacement rate in Denmark. Specifically for high-wage earners rates are below other European countries. Depending on calculation methods levels will vary, but the overall picture regardless of methods is that Denmark's score is comparatively high.

Arguably, a key issue in the benefit system is the perverse incentive to remain on benefits. This is especially true for low-wage groups where replacement rates are as high as 90%! Coupled with other welfare benefits like housing benefits and high income taxes, these negative incentives to employment are substantial (Westergaard-Nielsen 2008). The aforementioned tax credit of 2.5 % is envisioned to reduce the perverse incentive.

Conversely, as A-kasse benefits are capped at a certain level, high wage earners will experience a relatively lower replacement rate than low wage earners, which is in contrast to other countries.

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[40] Unweighted averages, for earnings levels of 67% and 100% of average wage. Any income taxes payable on unemployment benefits are determined in relation to annualised benefit values (i.e. monthly values multiplied by 12) even if the maximum benefit duration is shorter than 12 months. For married couples the percentage of average wage relates to one spouse only; the second spouse is assumed to be "inactive" with no earnings (OECD 2006).

It appears that high *income security* for the unemployed in Denmark is not as rosy a story as some studies might suggest, even though the general levels are favourable (Madsen 2005).

External numerical flexibility and job security

Another key feature of the Danish 'golden triangle' is the relative ease with which labour can be hired and fired, i.e. high *external numerical flexibility* corresponds to low *job security*. Dating back to the September Compromise blue collar workers do not have statutory rights regarding notice and the legislative acts regarding redundancies in the main relate to collective dismissals and salaried workers. The OECD has constructed an index for measuring and comparing what they call employment protection legislation (EPL) in countries using scaled indicators ranging from 0 to 6 (6 being most restrictive). EPL concerning collective dismissals refers to regulation in addition to rules concerning individual dismissals, e.g. scope of definition of collective dismissals, additional notification/delay requirements, and special costs associated to collective dismissals. For regular employment this reflects permissive procedures, short notification periods and severance payments. Using OECD's EPL index we get a picture of how flexible Danish regulation. EPL for collective dismissals are 3.88; for regular employees it is 1.47 and for temporary workers it is 0.50. This gives an overall score of 1.83 which is close to the UK with 1.10 and is much more flexible than Spain at 3.06 (OECD 2004: table 2.A2.1).

This picture is slightly obscured by the Salaried Workers Law (*Funktionærloven*) which gives considerably longer notice periods (up to six months) and thus lower *external numerical flexibility*. Indeed, as more and more workers are transferring into salaried employment this leg of the 'golden triangle' might begin to wobble. Collective agreements for blue-collar workers often set notice periods but they remain relatively lenient (as we shall see below).

6.3 Regulation of internal flexicurity in Denmark

In Denmark, there is no statutory regulation of pay and working as collective agreements *de jure* and *de facto* fulfil that function[41]. Nevertheless, various policies do impinge on internal flexicurity and it is to these that we now turn[42].

Combination security and income security

Benefits that enable workers to be absent from work during different situations in their lives without loosing their income can be said to increase both *combination security* and *income security*. Three benefits are worth mentioning here.

[41] This is also why EU-directives are transposed into Danish regulation through collective agreements rather than legislation. However, as coverage of collective agreements is not a 100 %, the Danish government has had to conclude supplementary legislation in order to implement EU-directives for areas not covered. As this study analyses the LO/DA area, it is not relevant to treat these supplementary laws.

[42] It is only on health and safety regulation that the state has an exclusive function, but this area is outside of this study's focus.

Firstly, the right to leave and allowance connected to parenthood (*Lov om ret til orlov og dagpenge ved barsel* – amended 2006) has been extended to 52 weeks for all workers in Denmark. Mothers' have the right to four weeks pre-natal leave and fourteen weeks post-natal leave. Fathers' have the right to two weeks post-natal leave during the first fourteen weeks after birth. Hereafter, couples can distribute a total of 32 weeks of paid leave amongst them. Fathers' have the option of starting these weeks before fourteen weeks after birth. Furthermore, there is a possibility for extending leave after this period to either eight or 14 weeks but with the risk of reduced allowance. The allowance is capped at 3.515 DKK/week onto which collective agreements can ensure full pay by top-up.

Secondly, Danish workers are entitled to the allowance during periods of sickness as determined by the Act on Allowance During Sickness or Birth (*Lov om dagpenge ved Sygdom eller Fødsel* – amended 2004). Again, the amount is capped at 3.515 DKK/week or 95 DKK/hour, which can be supplemented by top-ups stipulated in collective agreements. The maximum period of sick pay allowance is 52 weeks during an 18 months period, unless special conditions apply. Table 20 summarises rates, eligibility and length of allowances.

Table 12: Allowances (per 1. January 2008)

Allowance	**Amount**	**Length**	**Eligibility**
Sick Pay Allowance	Maximum 3.515 DDK/week	Employers pay first 21 days	All workers with 8 weeks uninterrupted employment
		Municipality pays after 21 days sickness Maximum 52 weeks during 18 months	All workers with 13 weeks uninterrupted employment
Sick Pay Allowance	Maximum 95,00 DKK/hour	-	-
Allowance for Parental leave	Maximum 3.515 DDK/week	52 weeks (distributed between parents)	All workers

Source: (Larsen 2007; Retsinformation 2009)

Thirdly, individuals working less than normal full-time work can receive a supplementary allowance to reach a normal wage, thus ensuring *income security* when there is less demand or availability of work. However, regulations stipulate that you need to work less than 29.6 hours in a week to be eligible. In addition, the general rules for eligibility (e.g. being available for the labour market) also apply for the allowance. The supplementary allowance is contingent upon membership of the unemployment insurance system (*A-kasse*).

In addition, holiday entitlements also enable workers to combine work life with leisure, thus contributing to *combination security* and *income security* if paid. In Denmark The Holiday Act (*Ferieloven* – amended 2003) stipulates the right to 2.08 days paid vacation for each month of employment and the right to 25 days of vacation regardless of accumulated holiday pay. There are limita-

tions on eligibility for certain occupations within public authorities. Collective agreements can deviate from these general stipulations in a number of ways of which two are relevant here. One, deviation from the right to 25 days is allowed via collective agreement if employers and local shop stewards can reach an agreement on this. Two, through collective agreements part of accumulated days of vacation can be postponed to the following year.

Employment security

As noted above Denmark has quite a substantial public skill provision system for vocational training which administers and offers education to employed as well as unemployed individuals (Mailand 2008). The system of continuous vocational training consists of a basic programme, Labour Market Educations (*AMU*), Preparatory Adult Education (FVU), General Adult Education (AVU) Initial Adult Training (GVU) and post-secondary programmes for adults in Post-secondary training for Adults (VVU) and various diploma and master programmes (Mailand 2008). Education and training is offered by both public and private providers. This is organised in a national system with local bodies connected to it with the participation of social partners along occupational lines which gives a strong element of industry-specific skills development (Estevez-Abe, Iversen, & Soskice 2001). See pp 86/7 for more details on these matters.

Although skills development for the working population is not a statutory right, collective agreements – as we shall see – stipulate rights along occupational lines which put a floor under levels of training for adults in employment. Effectively, continuous vocational training has become a right. Public subsidisation is, moreover, quite heavy making it attractive for employers to put employees on courses. Looking at comparative figures from the OECD on non-formal job-related training during a working life, Denmark fares especially well with over 900 hours on average for each employed person (OECD 2007a).

Atypical employment and flexicurity

As is customary, the directives on part-time and fixed-term employment were transposed to regulation through two general agreements by peak level organisations, LO and DA, in the Agreement for implementation of the Part-time workers directive (LO/DA 2001) and the Agreement for implementation of the Fixed-term workers directive (LO/DA 2002). The agreements prevent less-favourable treatment for these groups of a-typical employment unless based on objective grounds. Again, the terms 'objective grounds' and 'comparative workers' give scope for disputes over interpretation, but we will refrain from treating this legal aspect for present purposes.

Concerning temporary agency workers, the recently proposed directive[43] (June 2008) should in principle give agency workers in Denmark rights to equal

[43] The directive proposed: 1) Equal treatment as of the first day on the job will apply to temporary agency workers in terms of pay, leave and maternity leave. 2) Derogation from this requirement is possible through collective agreements.

treatment. As noted in the UK chapter, the directive has yet to be finally passed by the EU Parliament and transposed into national legislation. As we shall see, however, Danish social partners have preceded European developments on the rights of agency workers.

6.4 Flexicurity and collective bargaining in Danish Print

In this analytical chapter we begin by outlining the main characteristics of Danish print in terms of market and technology and collective bargaining actors and structures. This is followed by the analysis of the latest bargaining round and how the agreement contributes to flexicurity.

Market and technology

According to Danish Statistics (2008), in 2007 approximately 31.700 individuals worked in the print industry, excluding managers and self-employed. The size of companies is mostly small- to medium, with some larger publishers. There has been a tendency for print companies to merge in order to benefit from economies of scale in tough competition (Danish Team 2003). Rationalisations on the personnel side due to technological developments especially have reduced the number of printers (Ibid.), this occurred alongside the introduction of desktop publishing (DTP). However, there is no indication of high unemployment generally in the sector – in line with the rest of the Danish labour market at the time of investigation.

Collective bargaining actors and structures

In recent decades, the print sector has experienced organisational changes due to technological advances. Graphical workers (the term used in Denmark) used to be organised on a craft-basis in the Graphical Union. However, with the advent of DTP a conflict arose which spurred change to the trade union side. The DTP conflict in 1995 was about placing this type of work in either the agreement involving the HK union (general union for service and clerical workers) or the agreement of the Graphical Union (for craftsmen). The latter covered classic print occupations, notably typographer workers (TYPO), and placing DTP under the HK agreement was therefore seen as a great threat to job demarcations and essentially typographical work. Taken to the labour tribunal, the Graphic Association of Denmark (GA - Grafisk Arbejdsgiverforening) won the dispute which placed DTP under the HK agreement. This serious blow to the Graphical Union eventually meant its dissolution in 1999 and members moving into HK Privat, 3F or the journalist unions. Packaging had already been moved into the remits of DI-agreements. Today, the trade union side consists primarily of HK

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3) Temporary agency workers will have equal access to collective facilities, such as a canteen, childcare facilities or transport services. 4) Member States must improve temporary agency workers' access to training and childcare facilities in periods between their assignments so as to increase their employability. 5) Member States have to impose penalties for non-compliance by temporary work agencies and user companies (EIRO 2008b).

Privat members and a handful of unskilled 3F members. Union estimates of density rates come close to 100 % (Danish Team 2003).

On the employer side, GA and the Employers Association of Danish Media (DMA – Danske Mediers Arbejdsgiverforening) negotiate and have done so for many years. GA estimates that it organises companies amounting to approximately 90 % of the entire industry. Mainly, it is the larger companies that join GA (Ibid).

The Graphical Agreement sets terms and conditions for workers in the print sector of Denmark and is renewed with three year intervals, thus following the pattern of the Industrial Manufacturing agreement. As GA represents 90 % of the wage sum in the sector, coverage is relatively high, although it is difficult to estimate exactly how many employees fall outside the agreement. The agreement is a framework agreement, i.e. minimum wage area and extensive local bargaining sets actual terms and conditions.

The names of occupational groups in the Graphical Agreement include the following occupations (and abbreviations) which will be used in this chapter:

Table 13: Occupational groups and abbreviations used in Graphical Agreement

	Occupational groups
Pre-press	TYPO – typographer LITO – lithographer
Press	TYPO – typographer LITO – lithographer
Post-press	KART – carton-related work BOGB – Book-binder

Source: Beck et al., 2003

Since the industrial unrest of the 1990s withered away as the issue of bargaining area was settled, social partners in Danish Print have been fairly successful in reaching agreements and the collective agreement under scrutiny (for 2007-2010) was no exception. Thus, the Danish negotiations could be termed 'business as usual'.

The following presents how the Graphical Agreement in Danish print contributes to flexibility and security and how the provisions were negotiated between HK/Privat/3F and GA/DMA. We focus on pay; working time; notice periods and *external numerical flexibility*; job demarcations and productivity related measures; training and education; social benefits and holidays together with provisions for atypical employment.

Pay

As the Danish Graphical Agreement is a framework agreement, actual wages are determined locally. Yearly increases are typically tied closely to the key bargaining sector, industrial manufacturing, like many other items are – as we

shall see. To reiterate, framework agreements on pay, ensure both *income security* and *wage flexibility* – of course depending on local agreements. Whereas upward *wage flexibility* is therefore possible, interviewees did not refer to a possibility of downwards deviations below sector level rates, but it is not inconceivable that company hardship could allow for provisory solutions. Forming part of *'centralised decentralisation,'* local bargaining on wages has been in effect for many years and was not agreed in the bargaining round under investigation.

A novel feature of the Graphical Agreement was a so-called 'à la carte' option for employees. 0.5 % of income (1% as of May 1 2009) is placed in a 'free-choice' account from which employees either choose to get paid vacation or enhanced pension contribution, the so called Labour Market Pensions (*Arbejdsmarkedspension* – AMP). The item originates from the Industrial Manufacturing Agreement and was to a large extent copy-pasted into the Graphical Agreement albeit with some administrative alterations to fit with existing administration of benefits. Negotiations appeared to have been quite uncontroversial as both parties recognised that it was unthinkable that union members would accept not getting what the employees in industrial manufacturing had achieved.

While still in its early days (and of modest size), the optional character is somewhat of a novelty in Danish collective agreements and designed to give employees a higher degree of freedom. The trade union rationale being: *'once it is there, we will try to enlarge it'* as has happened with AMP which started off very modestly but now stands at 12 % as of July 2009 (Due & Madsen 2006; Grafisk Arbejdsgiverforening et al. 2007). In flexicurity terms, the free-choice account constitutes un*compensated trade-off* favouring employees with what could be called *income flexibility* while it is hard to see the advantage for employers. Perhaps more interesting, it underlines that flexibility is not purely in the interest of employers.

Working Time

We have already described how machine utilisation and customer-driven production in print require companies and thus their employees to allow for maximum *working time flexibility*. Nevertheless, the previous Graphical Agreement of 2004 did not follow the Industrial Manufacturing Agreement and its trial period of flexible weekly working time on condition of local agreement (Due & Madsen 2006). Similarly, when local agreement became a permanent feature of the Industrial Agreement in 2007, the Graphical Agreement 2007 only started a trial period on this issue so it is not automatically renewed in 2010 when the agreement expires. Average weekly working time is still 37 hours, planned for a period of 12 months at a time and with a maximum of 45 hours per week together with a daily maximum of 9 hours (compared to 48 hours in the EU directive). In the main, employers got what they wanted on local determination of working time. This flexibility can potentially work for both parties and constitute a *win/win pay-off* in which *working time flexibility* and *combination secu-*

rity is enhanced. Putting maximum limits on flexibility and the requirement of locally negotiated solutions should – in principle – ensure the latter.

Also enhancing *working time flexibility* were provisions on the use of part-time work which were changed to bring the agreement in line with the EU-directive(Grafisk Arbejdsgiverforening, Danske Mediers Arbejdsgiverforening, HK/Privat, & 3F/Industri 2007). Previous agreements had only allowed part-time workers to work at least 30 hours/week, this threshold being brought down to 8 hours. Consequentially, part-time work has been made much more accessible and flexible for employers (and employees). Due to the directive and the LO/DA agreement on part-time working, the changes made were quite uncontroversial.

Quite the contrary, shift working proved the hardest item for the parties. Both union officials regarded reduction of working time for night shift workers as their main demand running up to the beginning of negotiations. Local shop stewards and members had aired concerns over negative health and safety effects of working night shifts and lead negotiators knew that achieving a reduction would be key criteria for successful negotiations. Meanwhile, negotiations in the packaging industry between 3F and DI had revealed strong employer opposition to any attempts to reduce working time whatsoever. Indeed, paraphrasing one union respondent DA had instilled in its member associations a *'musketeer oath'* on not reducing working time under any circumstance. Certainly, the Industrial Manufacturing Agreement did not bring about the changes hoped for by unions and due to linkage, HK/Privat and 3F had slim hopes for any concessions from employers that would reduce labour supply[44]. As a second-best outcome, unions therefore aimed for enhancement of shift premiums with a possibility of paid time off-in lieu. Already, employees working shifts accumulate paid time-off if working 37 hours a week (there is no paid time-off if working 34 hours). Employers on their part saw the pickle unions were in, due to membership pressures, and conceded shift premiums in exchange for the flexibility inherent in current shift working patterns and the clause on local deviations.

The exchange of shift working and premiums is relevant for flexicurity on several points. One, shift working enhances *working time flexibility* and fulfils the desired goal of machine utilisation. As the employer official noted, using the sector level agreement was very instrumental for changes to working time practices when employees on the shop floor resisted. Two, shift working can mean enhanced *combination security* for employees as working time is restricted to fewer days. However, long shifts are potentially Janus-faced as they can also mean working unsocial hours to the detriment to health[45]. Three, while unions might object initially to shift working on grounds of avoiding unsocial hours, pecuniary compensation seems an effective persuader, while not involving se-

[44] Due to the tight labour markets at the time, DA viewed avoidance of provisions that would reduce labour supply as a key objective.
[45] One could suspect that positive attitudes about these shift arrangements are more prevalent in male dominated sectors where child care is less a priority for workers.

curity (as we do not regard shift premia as *income security*). As one union official stated, *working time flexibility* allows the possibility of around the clock manning – the question is how much employers have to pay for it. Overall, the agreement on working time seems to constitute careful exchanges between parties in the shadow of the key bargaining sector. It would, nonetheless, be premature to conclude that we are dealing with *flexicurity*, which depends on local agreements and how these fit with the work-life balance of individual workers

Notice periods and external numerical flexibility

The Graphical Agreement, as many other sector level agreements in Denmark, sets notice periods for redundancies which affect the *external numerical flexibility* of employment in Danish print. Employers are required to give the following notices:

– 4 weeks of employment requires:	one week's notice
– 9 months:	two weeks
– 2 years:	four weeks
– 5 years:	seven weeks
– 10 years:	fourteen weeks
– 20 years:	sixteen weeks
– 25 years:	eighteen weeks

Employees who have not been notified correctly and in due time are paid an amount equal to his/her pay during the missing notice periods. Also, if a redundant worker is rehired within one year and employment lasts at least four weeks, seniority is kept. This has a positive effect on workers' eligibility for the social benefits inherent in the agreement and to some extent alleviates a part of the social risks from being fired (of course the immediate loss of income is arguably more pressing). The above provisions could hamper *external numerical flexibility* but are relatively modest and therefore this can not be concluded.

Job demarcations and productivity related measures

Previous agreements have gradually standardised terms and conditions for the main occupational groups (typographers, lithographers and carton-related workers[46]) and in the 2007 Agreement, working time was standardised with regards to when the normal work day starts (now at 6 a.m.). Interestingly, however, job demarcations still remain in Danish Print and with it the exclusive rights of some occupations to be in charge of certain tasks. It is not that Danish print has avoided great turmoil in connection with technological changes and demarcation as the DTP conflict of 1995 bears witness to. Employers have in the past pushed for removal of demarcations. HK/Privat and 3F would not accept removal without getting something extra in return. Faced with this situation, employers associations refrained from demanding removal of demarcations.

[46] Note that BOGB is not included.

Ironically, new technology was also a reason for allowing demarcations to remain. Introduction of expensive machinery requires minding of a certain skill level that might be exclusive to i.e. typographers. Expecting every employee at the workplace to attain these skills is naïve and possibly expensive in training. Moreover, the share of labour costs connected to print is greatly reduced with these new machines so the benefit of getting full *functional flexibility* is actually negligible compared to the potential costs of removing demarcations.

A further reason why demarcations have been kept is the expectation that they will erode anyway. A new grade, called 'graphical technician' which is an amalgamation of occupations, transgresses demarcations and thus breaks them. If removal is an expensive move in collective bargaining why not wait?

The Graphical Agreement is mute on productivity enhancing arrangements. However, this should be put into context. With the Basic Agreement general managerial prerogative was established as employers have the right *'to lead and distribute work'* of course within the limits of the law and collective agreements. What demarcations do is infringe upon this general prerogative but as noted above; not enough to induce employers to demand removal in negotiations.

Looking strictly at the agreement, however, it seems that there is an *uncompensated trade-off* favouring *job security* for the old occupations and lower *functional flexibility*. As stated, this imbalance may wither away as new technical grades are introduced.

Training and education

Arguably the biggest innovation in the Graphical Agreement on training and education was the development of a skills-development foundation found in Protocol 5 Employees with nine months continuous employment are given rights to two weeks educational leave a year funded by money of the foundation. This tops up the right to two weeks paid educational leave that was already present in former agreements. However, Protocol 5 does not have the requirement that training is company-relevant – this exists in § 62. In flexicurity terms this could be seen as enhancing *functional flexibility* but even more so *employment security* as skill development can be external to the company.

It should also be noted that protocol 7 on local agreements allows for deviation from rights in § 62 – not on protocol 5. With this funding, employees thus have a right to freely choose training and education from a wider range of areas, as long as it stays within areas covered by collective agreements.

Again, the item was in the main copied from the Industrial Manufacturing Agreement and it is perhaps instrumental to dwell a little on these negotiations as they capture well how the Danish IR model works.

The Danish Government was involved in discussions about how to improve skill development and thus raise skill levels generally in the economy. Inclusion of social partners provided the liberal-conservative government with a way to share financial responsibility and improve effectiveness of vocational training. Thus, without intervening in collective bargaining, the agenda for negotiations

was framed by social partners' mutual commitment to reach agreements on education and training funds. The issue was almost uncontroversial[47] as both unions and employers associations in the main wanted additional training funds in the agreements with a view to enhance *functional flexibility* and *employment security* (Mailand 2008)[48].

The process indicates how the political level in some sense co-opts social partners as well as frames negotiations in the key bargaining area (shadow of hierarchy). Subsequently, agreements made in the key bargaining area are diffused to other sectors in a copy/paste manner – albeit with some customisation. It remains to be seen, however, how the foundation will work in practice.

Additional provisions in the Graphical Agreement guarantee two weeks paid retraining for employees with three years continuous service who have been made redundant because of restructuring, cut-backs, or closures. Specifically, typographers who are made redundant because of introduction of new technology and restructuring have a right to pay during five weeks re-training. While these paragraphs do not originate from recent agreements they are nevertheless still in use – albeit in a modest manner perhaps because of the generally tight labour market in recent years. With the current recession and long-term downsizing of typographers especially, the provisions might come into more use for re-training. This way the trade-off of *job security* for *external numerical flexibility* is balanced with *employment security* for redundant workers.

Social Benefits and entitlements

In accordance with the above mentioned Sick Pay Allowance (*Sygedagpengeloven*), the Graphical Agreement contains provisions on sick pay that ensure top-up of the capped public allowance *(dagpenge)* - see rates above. Furthermore, the Agreement's § 36 ensures full-time employees the possibility of shifting to part-time after periods of sickness while retaining normal full pay, i.e. *income security*. No changes have been made recently and the item has not been subject for negotiations.

As for sick pay, paid maternity, parental and paternity leave consists of a capped public allowance and a supplement by employers accumulating to standard weekly pay of the employees concerned. Parental leave was subject to heated negotiations during the 2004 collective bargaining rounds, spurred by the

[47] A caveat arose due to concerns on the union side about whether to restrict benefits to union members. In a context of falling membership rates, making benefits contingent upon membership was seen as a way to provide selective incentives to join unions. Conversely, DI had no desire to restrict skills development to members as the idea was to raise skill levels generally in sectors. DI's potential price was giving up the 'area principle' (see above) completely – something that trade unions were not prepared to do. As an exchange for giving up exclusivity of rights to education, improved conditions for shop stewards were given in return and agreement on the foundation was achieved. Hereby, unions got a seemingly powerful tool for workplace recruitment (ultimately the goal behind the demand for exclusivity), the skills issue was resolved, and the 'area principle' was maintained.

[48] The section on the skills development foundation was co-authored with Due and Madsen (Mailand 2008b).

2004 Leave Act that extended the period with allowance to 52 weeks to be flexibly distributed between parents (Due & Madsen 2006). Leave arrangements in the print area in fact pre-date the above mentioned arrangements so when the Industrial Manufacturing Agreement in 2007 extended leave for fathers with another three weeks, this was already in effect in the Graphical Agreement. In negotiations trade unions used the previewed expenses connected to extending paternity leave to be transferred onto the shift premia mentioned above. This seems to be a clear example of how broad bargaining agendas can be used to enhance exchange possibilities and how advances in key bargaining sectors create room for manoeuvre that would otherwise not have been there. Outlined in § 37 of the Agreement, parental (sick) pay follows the statutory allowances, except there is a maximum period for mothers of 28 weeks (4+14+10 weeks) and 12 weeks (2+10 weeks) for fathers. After these periods, remaining weeks are at statutory allowances.

Both benefits – sick pay and maternity leave – help ensure *income security* during different stages of working life and are examples of the sometimes complex interrelationships between statutory provisions and collective agreements. In substantive terms, collective agreements ensure that employees do not risk falling below normal weekly pay to the statutory allowance rates.

While sick pay can hardly be said to help work-life balance, leave arrangements significantly aids this and recent extensions of periods does – ceteris paribus – enhance *combination security*.

Vacation entitlements are squarely in line with the Vacation Act giving 2.08 days of vacation for each month worked. Vacation should be planned with management. It also gives the possibility for transferring vacation to the following year thereby enhancing *combination security*. Provisions on vacation in the Graphical Agreement do supplement on length of vacation for typographers, bookbinders and carton-related workers with long service[49].

As a novel feature the Agreement introduces some flexibility for employees. We have already mentioned the possibility of opting for paid leisure with the 'free-choice-account' above, which should allow for enhanced *combination security* – albeit modestly so far.

Common for all benefits is – not surprisingly – that they favour employee interests in combination- and *income security*. While it has not been the aim to investigate the 'long life in bargaining' of some of these benefits it seems reasonable that they have generally been *exchanged* for the flexibility gained on wages and working time[50]. Moreover, as one union official stated these benefits (with the exception of sick pay) serve as a means to revitalise collective bar-

[49] For TYPO-employees, three days extra are given after 10 years service. For BOGB, three days extra are given for 25 years service. For KART, three days extra are given for 25 years service (§ 45a-e).

[50] This should also be seen in connection to the fact that sector level agreements – in the minimum-wage area – have lost much of their significance on actual wage increases. Thus, unions might have an easier time 'selling' a deal including skills development to members instead of adding a negligible amount to wage increases – even though the pecuniary amounts of the two items are the same.

gaining as members increasingly demand welfare-related benefits from their membership. Finally, the strategy seems to be that once the benefit is in, it will get a life of its own and grow bigger as has the AMP.

Provisions for atypical employment

While LO/DA agreements have implemented regulation of part-time and fixed-term work, there have been no agreements for agency workers. However, the Industrial Manufacturing area has made advances here in the so called 'Agency Protocol'[51] (Andersen 2007). The protocol in the main addresses some of the core concerns for agency workers and it would seem fairly straightforward for HK Privat and 3F in print to get the same provisions.

This did not happen during the 2007 negotiations. In fact, union officials found that non-discrimination of agency workers had already been achieved through labour tribunal rulings in the electrical contracting industry (e.g. Dansk El-Forbund vs. Bravida Danmark A/S, 2003). This ruling confirmed that collective agreements in Denmark follow the 'area principle' by which all workers with tasks similar to the ones contained in the area of collective agreements should enjoy the agreed terms and conditions. Why should unions ask for provisions (and have to negotiate with other items) on something that was already secured? However, the ruling does not address the problem of accumulation of seniority – as does the protocol – but this did not seem to attract the interest of union officials. One explanation given was § 13 of the Graphical Agreement which states that any redundant worker who is rehired for at least four weeks within a year of redundancy retains his/her seniority. While judicial practice of this article is not clear it would seem that the Graphical Agreement actually provides a better possibility for accumulation of seniority than the Industrial Manufacturing Agreement does.

It is, however, certain that the Graphical agreement is mute on provisions that offer regular contracts to fixed termed and agency workers after specified periods of employment.

The Danish agreement sets limits for the use of part-time workers. § 10 of the Graphical Agreement, stipulates that companies may not reduce the number of full-time workers in connection to employment of part-time workers when these hold similar qualifications. Also, if a company considers hiring part-time workers, full-time workers have primacy to choose part-time work first and the number of part-time workers can not exceed the number of full-time workers. In fact most part time work in the sector is in fact voluntary.

The provisions could therefore be interpreted as a careful trade-off between accepting the use of atypical employment forms while ensuring that this happens under proper terms and conditions and without the risk of substituting

[51] The protocol contains rules on how to define the employer and with it, which party bears responsibilities for fulfilling the collective agreement. Furthermore, it guarantees accumulation of seniority when transfers between jobs are no more than 6 months which should ensure that agency workers do not fall short of eligibility limits on benefits in collective agreements.

typical employment, i.e. a *compensated trade-off*. Note, however, that restrictions on use of atypical employment could potentially create insider-outsider problems.

Summary of Danish Print

The Graphical Agreement in Denmark has been shown to contribute to several balances between flexibility and security by either supplementing legislation or filling in where it is absent. This section briefly summarises the most pertinent balances identified in the analysis and how they were they created in the 2007 negotiations.

Before presenting specific balances and the processes of bargaining, it is prudent to underline the significance of bargaining in Industrial Manufacturing, which has made several imprints on the Graphical Agreement. All things considered, the key bargaining sector is where power to negotiate the major issues on Danish industrial relations resides. This being said, social partners in Danish print have succeeded in adapting elements to their own industrial context and added independent ones.

A *win/win pay-off* seems to exist between *wage flexibility* and *income security* in the overall framework agreement on pay. Due to linkage of sectors in the LO/DA area, costs associated with collective agreements are framed together with real wages being determined locally after minimum wages have been raised.

Connected to working time the 2007 negotiations installed the possibility to deviate from normal provisions in the agreement on condition of local agreement. Depending on the solutions found in the workplace working time agreements could constitute either *compensated/un-compensated trade-offs* or *win/win pay-offs*. While this is an unsatisfactory conclusion, studies of practice are needed to make sense of this type of arrangements. However, it could be argued that the framework on working time guarantees a minimum of *combination security* in that working time variation can not be changed at the sole will of employers.

The agreement about local deviations also provides employers with the possibility of shift working. Unions exchanged this for extensive shift working premia which works to sweeten the deal for workers who might have to work unsocial hours. However, shift working could also potentially be beneficial to workers as work is restricted to fewer days and whether we are dealing with flexicurity or not remains inconclusive.

An issue which was not handled is job demarcations. This potentially reduces *functional flexibility* and protects jobs for certain workers to the disadvantage of others, i.e. an *uncompensated trade-off*. The issue was, however, not very pertinent to employers as a new grade will supersede old job demarcations.

Training was a huge item in the agreement, albeit first and foremost negotiated in the key bargaining sector. Perhaps the clearest example of a *win/win pay-off* between *functional flexibility* and *employment security*, workers were given rights to two extra weeks of training. A result of processes of coordina-

tion between top level organisation and government, it shows how sector level agreements can override company considerations on poaching and free-rider issues which seem to hinder satisfactory arrangements in UK print. However, it should be noted as training does not have to be company relevant there is the potential of reducing *functional flexibility* internally in companies, but enhancing *employment security* externally.

Concerning social benefits, the Graphical Agreement was already very beneficial to workers before the 2007 negotiations and primarily works to guarantee *income* and *combination security* during different life stages/situations. Here, one might speak of an overall *package deal* where enhancement of benefits that might only affect security elements actually helps social partners reach agreement on enhancing flexibility by way of exchanges.

Finally, atypical workers are protected from unequal treatment due to the LO/DA agreements which transpose the part-time and fixed-term workers directives into regulation. There were no special provisions for agency workers, as social partners understood labour tribunal rulings as sufficient to guarantee equal treatment. The equal treatment principle should guarantee Danish atypical workers in print *income, combination* and *employment security*. Concomitantly, employers get a legitimisation of using these flexible contracts, thus increasing *working time* and *external numerical flexibility*. A *compensated trade-off* can thus be detected.

However, before the bargaining round trade unions insisted that the agreement stipulates that the use of atypical employment should be limited to certain extraordinary situations and not be to the detriment of typical employment. Hereby, one could argue that insider jobs in the industry are being protected against outsiders, i.e. atypical workers.

6.5 Flexicurity and collective bargaining in Danish Electrical Contracting

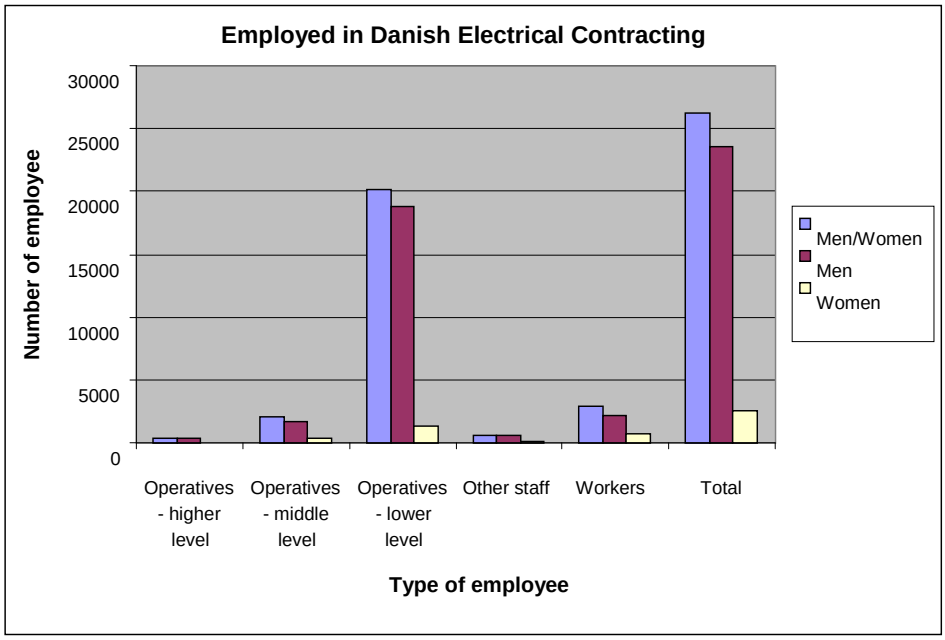
This chapter analyses Danish electrical contracting, following the same structure as the above one on print. We begin with a short presentation of the sector and how collective bargaining is generally carried out and by whom. Next, we analyse the most recent bargaining round and how the agreement contributes to flexicurity.

Market and technology

Similar to the UK, Danish electricians are employed by small sized enterprises that often employ individuals on a temporary basis. The issue of ‘bogus’ self-employment is, however, not at all as prevalent in Denmark as in the UK.

Approximately 26.000 individuals were employed in the industry in 2007 according to Danish Statistics. However, this figure disguises the fact that many of these are not actually electricians and includes other workers such as clerical and auxiliary staff, and thus stand outside the focus of our investigation. According to union estimates, the figure for electricians is closer to 16.000 and is even more masculinised than the below figure suggests.

Figure 3: Employed persons in Danish Electrical Contracting



Source: Danish Statistics, 2008

Similarly to many other sectors of Denmark, the labour force is ageing as the big cohorts are leaving the labour market. This is coupled with a constant difficulty in recruiting new apprentices for the industry.

Collective bargaining actors and structures

Danish electricians are still organised in a craft-based union that continues to enjoy strong unionisation. According to union estimates approximately 90 % of electricians are members of a union. Dansk El-Forbund organises electricians in Denmark and bargain on their behalf.

On the employer side, Tekniq conducts collective bargaining and represents the industry. The organisation also organises plumbing companies and the two areas share many characteristics, although despite talks no merger of the two areas has been achieved.

As in Danish print, collective bargaining follows the schedule of the key bargaining sector in the LO/DA area, that is the Industrial Manufacturing agreement. Similarly, due to linkage rules, collective bargaining in electrical contracting follows many of the same patterns as the print sector. While there are many similarities there are also some differences as customisation is also at play in electrical contracting.

We analyse the 2007 agreement and processes leading up to this. Bargaining was set in a context of an enduring construction boom where contractors had more often than not had a labour shortage prompting some to invite migrant, especially Polish, workers to Denmark. This labour shortage put pressure on wage demands, as noted in the previous analysis of print.

The analysis follows the same structure as preceding analytical sections by investigating bargaining processes between Dansk El-Forbund and Tekniq leading to the Electrical Agreement 2007.

Pay

There are generally three pay systems at work in Danish electrical contracting which can be combined and designed very flexibly depending on local agreement between the employer and the local workers representative/individual operatives.

Firstly as noted above, the agreement in electrical contracting stipulates minimum hourly wages under which no individual can be paid. Actual wages are higher than these rates, due to local wage determination. In addition, pay for 'skilled and capable' employees can be set individually and directly between employer and employee without interference from social partners.

Secondly, contractors can set up productivity enhancing systems for some, or all of the operatives. While no template is outlined in the agreement (this would perhaps counter the whole idea), it is suggested that job functions, qualifications, education, payment by result, bonuses, project fulfilment could be elements that release pay supplements. These systems can only be changed once a year unless the system is connected to a certain project, e.g. construction project. This should protect workers from arbitrary changes from management that could put income in peril.

Thirdly, pay in electrical contracting is guided by a piece-rate system[52] (called '*Landspriskuranten'*) which over the years has been developed to include the multitude of installations and wirings and could be seen as a productivity enhancing system.

The two latter systems can not be coupled together; whereas the time-based system is used when, for some reason, pay could not be determined using either the productivity enhancing system or piece-rate.

As noted, the piece-rate system contains negotiated rates and is viewed by both parties as out-dated. The Electrical Agreement already allows local piece-rates to be established between parties at workplace level, should the *'Landspriskurant'* not contain rates for specific (new) services, but since the 2004 negotiations the social partners have put a major overhaul into motion based upon time-motion studies instead of direct negotiations.

As in the print sector, the Electrical Agreement of 2007 followed the Industrial Manufacturing agreement on establishing a free-choice account by which operatives can choose between pay, paid holiday or enhanced AMP-contributions. However, instead of devising a specific free-choice account, the Sunday-Holiday account (*Søgnehelligdagskonto*) already in existence was used as social partners agreed to increase the amount into this account equal to what had been given in the Industrial Manufacturing agreement. Any amount not

[52] According to interviews, very few operatives are paid the actual piece-rate, but the system still serves as a standard measure for calculating the going rate for a specific job – or at least the ball park wherein prices range.

used either as paid holiday or enhanced AMP-contribution[53] would be released as additional pay at the end of the year. This customised solution was regarded as more befitting to electrical contracting as it underpins the flexibility cherished by both parties[54].

From a *flexicurity* perspective, pay determination in Danish electrical contracting is highly flexible and allows for considerable wage differentiation and also income flexibility. As in print, the framework nature of pay determination in Danish electrical contracting constitutes a general *compensated trade-off* between *wage flexibility* and *income security*. Risks of wages falling under a certain level are reduced and the possibility for upward wage flexibility is enhanced. However, due to the transient nature of employment, the income of workers is furthermore contingent upon electricians actually taking/getting work. What the collective agreement does is to secure minimum tariffs and hourly wages, but not overall *income security*. Thus contrary to print in Denmark we can not detect a *win/win pay-off* on internal flexicurity here as incomes are dependent on demand for labour which shows how important *external income security* is for this type of work. Evidently, workers' income is also contingent on employment in other sectors, but with the quick transitions in and out of jobs, electricians are often more in need of external safety nets.

Working time

Regulation of working time in the industry is highly flexible and has been so prior to the 2007 negotiations. The Electrical Agreement defines a normal working week and stipulates how deviation from this norm is to be rewarded by various pay supplements or can be agreed locally – much in line with the aforementioned 'centralised decentralisation'.

Normal working hours are 37 hours/week, normally distributed on a 5 day week and should at least be 7 hours a day, unless parties agree to a 6 day working week.

Variable working hours can be achieved by mutual agreement between employer and operative. Changes should be notified 5 working days prior to change and can apply to periods of a minimum of 2 weeks and a maximum of 52 weeks (i.e. the reference period inherent in the Working Time Directive). An average working week in these periods should amount to 37 hours/week and not exceed 46 working hours. Furthermore, daily working time can fluctuate between 6 and 10 hours and work outside normal working hours releases pay supplements. Provisions on local working time agreements follow provisions in the Industrial Manufacturing agreement where local agreements went from being on a trial-basis to becoming a permanent item. Note that this is different from the print agreement where these provisions are not permanent. Moreover, in

[53] To reiterate, AMP is an occupational pension scheme created to give employees an additional post-employment income besides the public 'people's pension' (*folkepensionen*).
[54] In the Industrial Manufacturing agreement, individual workers are required to choose how they want to spend their free-choice funds at the beginning of the year.

electrical contracting local agreements are no longer required to be centrally approved by organisations.

The chapter of working time also contains provisions on staggered working hours (*forskudt arbejdstid*) whereby normal working hours are altered under condition of local agreement, due notification (three normal working days) and the new working hours are in effect for at least five working days. This way the flexibility of staggered hours is coupled with rules that to a certain degree protect *combination security*. In other words, the agreement tries to compensate somewhat the potentially detrimental effects of working unsocial hours. In addition, the agreement allows for weekend work, whereby operatives only work during weekends (not week days) and only 24 hours to a normal 37 hour week pay. This group of workers can only work week days upon the approval of central organisations, but each workplace can change the working time schedule back if business conditions require this.

Overtime (i.e. hours exceeding the agreed normal working week) should be reduced as much as possible and qualifies for supplements or time-off. However, local shop stewards can also agree to deviate from these provisions. Social partners have made provisions that require overtime to be granted as time-off in lieu when the unemployment figures of the industry surpass 2 % instead of giving overtime pay! Obviously, these provisions are made to restrict overtime working for the few and maximise employment for the many.

It should be noted, the key bargaining sector was immensely influential and the most recent innovation in the 2007 negotiations was making local agreements permanent and without organisational approval. In the key bargaining sector, unions gained improved conditions for shop stewards and the skills development foundation in return for the provisions on local deviations.

Despite these flexible provisions, the potential is rarely used according to interviewees. In particular, on construction sites, working time is limited to very rigid patterns even when this is visibly inefficient. On smaller operations, working time is distributed almost individually.

Altogether, the agreement's working time provisions are extremely flexible. Enhanced *working time flexibility* and its potentially detrimental consequences for *combination security* has been exchanged for enhanced income (not *income security*!) and certain minimal requirements for notification. Depending on local agreements and how these fit with the work-life balance of individual workers, the regulations can result in either *win/win pay-offs* or *uncompensated trade-offs*. As in print, we can not conclude which as balances are contingent on specific circumstances of the workplace and individual worker.

Notice periods and external numerical flexibility

The transient nature of electrical contracting almost automatically makes *job security* 'fragile' which is also reflected in notice periods. The Danish electrical agreement sets out notice periods for hourly paid employees which affects the level of *external numerical flexibility* beyond statutory requirements. Employers should give the following notices:

– 3 months of employment:	Five days notice
– 2 years:	Fifteen days
– 5 years:	Twenty days
– 8 years:	Twenty-five days

Moreover, for an operative working piece-rate, notice is not required and the holder of a piece-rate contract, i.e. the contractor of other operatives, can thus freely reduce piece rate workers. Thus, compared to other sectors, electrical contracting in Denmark has *extremely high external numerical flexibility*.

As a protection for workers with one year's continuous employment that fall sick or ill provisions are in place that disallow redundancies during the first three months sickness. As a new feature in the 2007 agreement, workers with less than one year continuous employment can not be made redundant during the first five weeks of sickness or illness that is work-related. Both parties viewed these (minor) impediments to *external numerical flexibility* as merely good management practice.

Job demarcations and productivity related measures

Although the 2007 negotiations did not change job demarcations and productivity related measures, the overall regulatory framework for the industry is worth mentioning. In general, electrical contracting has undergone a transition from 'simple' installations of appliances to large electrical systems that require different skills and work organisation, in other words *functional flexibility*. Indeed, much of the work undertaken in the industry today is done in front of a computer rather than on location. Undoubtedly this is why the first appendix to the electrical agreement concerns the introduction of ICT and how these workers have made the transition to salaried worker status[55]. The balance between workers on the Electrical Agreement and agreements for salaried workers is an ever pending question.

For the remaining operatives – the focus of our investigation – demarcations are few if they exist at all and electricians can freely undertake various functions as workplace and business conditions require. This should, however, not blur the fact that training and certification systems are firmly in place to ensure that only recognised electricians undertake work in the industry. Through strict monitoring and enforcement mechanisms unions and employers are committed to allow only authorised electricians to undertake work, hereby avoiding the issue of 'bogus' self-employment that is so prevalent in the UK. Similarly, agency work is almost non-existent. However, this is not to state that undeclared work does not happen. Indeed, moonlighting commonly occur to avoid taxes and Danish VAT.

[55] Salaried workers in Denmark have altogether different terms and conditions. This especially concerns notice periods, working time and individual wage setting.

In general though, electrical contracting is relatively protected from outsiders and internal labour force *functional flexibility* is considered high as the agreement remains silent on job demarcations. In turn, this has the potential to facilitate new positions for Danish electricians when needed and thus enhance *employment security*. For insiders in the industry, there seems to be a *win/win pay-off* when it comes to job demarcations.

Training and Education

Again in accordance with the Industrial Manufacturing agreement, education was given a boost in 2007 negotiations through the establishment of a skills development foundation (*Kompetenceudviklingsfonden*) which is co-owned by social partners in the industry. This adds to the existing provisions that give any employee with nine months continuous employment a right to choose two weeks training a year which is unpaid, unless it is part of the company's skills development plan.

Contrary to the Industrial Manufacturing agreement, provisions on the skills development foundation in electrical contracting does not stipulate a fixed number of weeks as a guaranteed right for individual workers. Instead workers can apply for courses and training that is considered relevant for the industry – in a broad sense – and have expenses and loss of income covered. Individual workers wanting training that is not part of the company's skills development plan can now get 85 % wage compensation. If it is part of the company's skills development plans it counts as the companies own training expenses and workers are paid 100 % of normal income.

Again, this is an example of how provisions in the key bargaining sector are spread and modified to industrial reality. Employers saw a chance to couple skills development plans with the money inherent in the foundation. The union for their part, got money to finance *income security* during re-training and education that companies hitherto had not wanted to fund. Furthermore, there is no minimum and maximum length of skills development and workers can thus be more flexible when choosing training.

The linkage to the key bargaining agreement and the ability to customise was important for this seemingly *win/win pay-off* of *functional flexibility* on one side and *employment security*, on the other. As noted before, the initial agreement in the key bargaining area on skills development was secured through an *exchange* where unions conceded to local deviations on working time possible permanently and without organisational approval. That this did not happen in print just underlines that each sector can customise solutions to their needs and specific negotiations.

Social benefits and entitlements

As in print, sick pay and leave arrangements are based on statutory entitlements in the public allowance system and collectively agreed provisions that top-up the capped allowance to reach the normal wage during absence. To reiterate,

these provisions at once enhance *income* and *combination security*, while the direct benefits for employers are less visible.

Sick pay is given for a maximum six weeks on condition that the employee has worked at least three months. As a novelty in the 2007-agreement, work related illnesses and injuries are now also covered. The Electrical Agreement also contains a right to stay home during a child's (under 14 years) first day of sickness, provided only one parent stays home. In addition, employees have the right to accompany their child's hospitalisation for one week after nine months' continuous employment. A cap on wage compensation is set at 130 DKK/hour which includes the public allowance (*dagpenge*).

Concerning parental-, maternity- and paternity leave, the provisions in the main follow what was agreed in the Industrial Manufacturing agreement. Mothers have 4 weeks pre-natal leave and 14 weeks post-natal. Fathers have 2 weeks post-natal leave entitlement. During these periods the compensation rate tops-up the public allowance to a normal wage, although only up to 130 DKK/hour. In continuation of these periods, parents have 9 weeks paid leave in total. 3 weeks are earmarked to each parent and the remaining three can be distributed as parents see fit. Again the 130 DKK/hour cap applies. Companies are refunded by the municipality equal to the maximum allowance; the rest is refunded by the parental leave foundation established by Tekniq. We have already presented the negotiation process of how leave arrangements were extended in 2004. The three extra weeks given in 2007 brings about further *combination security* as parents can choose who shall take the optional period. If anything, this concession by employers can be seen as a way of sweetening the package-deal for workers in the LO/DA area and it is hard to see these provisions in isolation from the Industrial Manufacturing Agreement. Moreover, according to interviewees, since electrical contracting is still very male-dominated (only 1-2 % of operatives are female), leave arrangements and certainly maternity leave is not in huge demand by the labour force.

Besides sick pay and leave arrangements, we have already mentioned how the free-choice account was customised to fit with existing benefits structures in electrical contracting. As noted, the free-choice account was used in the exchange for enhanced *working time flexibility* in the Industrial Manufacturing agreement and it is doubtful whether electrical contracting workers would have demanded it themselves. Importantly, workers have the option to choose paid holiday through increases in the amounts paid to the *'Søgnehelligdagkonto'*. Vacation entitlements are in line with statutory provisions in the Vacation Act (Ferieloven) giving 25 days paid vacation when this has been accumulated during the previous year. Furthermore it is possible to transfer a maximum of 10 days to the next year. Finally, any local agreement on holiday planning can only be made to improve these minimum provisions – thus safeguarding *combination security* from footloose employer demands.

Another innovation in the 2007 agreement was the success of a Dansk El-Forbund demand for private health insurance which constituted 0.15 % of total cost increases of renewing the agreement and was taken from enhanced pension

contributions. While still modest in its size private health insurance could become a new item with which unions can promote themselves in future recruitment efforts.

The flexicurity output of social benefits and entitlements is perhaps not as straightforward as at a glance they only benefit *income* and *combination security*. However, as shown above they have been used to promote *working time flexibility* and it can therefore be argued to form part of the overall package whereby a *compensated trade-off* has been created.

Provisions for atypical employment

The two LO/DA agreements on part-time and fixed-term employment should – de jure – guarantee equal terms and conditions for workers in Danish electrical contracting. Part-time working is barely existent while fixed-term work is almost the norm due to the transient nature of work in the industry. None of these agreements or agency work is mentioned in the Electrical Agreement.

The incidence of agency work is modest, albeit rising. According to one union official, electricians took a liking to the way agencies worked as it fitted well with how employment was with constantly shifting employers. With an agency the worker does the work but with a stable provider of employment. Moreover older workers especially found it easier to find employment with agencies as contractors preferred to employ young workers directly. As noted above, the Dansk El-Forbund vs. Bravida Danmark A/S ruling has established that agency workers are covered by the 'area-principle' and thus enjoy the same terms and conditions as typical employees. As the union officials noted in our interviews, why open an item for negotiations when the courts have already given you what you want.

Concerning accumulation of seniority for agency workers to receive certain benefits, interviewees noted that typical workers and agency workers were pretty much in the same boat as the industry enjoys by nature very high *external numerical flexibility*. Moreover, as it is only sick pay and rights to skills development that have seniority requirements attached the problem was viewed as minor. Pensions, the free-choice account and vacation days do not have these eligibility requirements[56].

According to interviewees the incidence of 'bogus' self-employment is not widespread in Denmark. Monitoring is quite effective through *'Sikkerhedsstyrelsen'* which ensures that authorisation of certain operations is given to only one supplier. This authorisation can not be given to other persons so 'bogus' self-employment becomes impossible. Any other individual working on an authorised operation is thus an employee and therefore subject to normal rules regarding the employment regulation in the electrical contracting area, i.e. the Electrical Agreement. Of course, the system is not perfect and interviewees could not rule out individual examples of 'bogus' self-employment.

[56] Although paid vacation requires a year of employment.

Altogether, electrical contracting in Denmark is a well regulated sector when it comes to atypical forms of employment in that individuals outside of a normal employment contract are guaranteed the same terms and conditions. This enhances *income, employment* and *combination security* for these workers as wages, working hours, training, vacation etc. are up to par and employers can freely use this type of employment.

Furthermore this is coupled with a comprehensive control of certification. As in other industries where occupations are protected this can be seen in two ways: Firstly, job*/employment security* and *income security* of insiders is enhanced at the expense of opportunities for outsiders to enter the labour market, i.e. insider/outsider problem.

Conversely, certification guarantees high levels of qualifications (and guaranteed terms and conditions) and with it high *income security, combination* and *employment security* for workers but also high *functional flexibility* for employers, i.e. a *win/win pay-off*.

Summary of Danish Electrical Contracting

As in Danish print, the 2007 negotiations of the Electrical Agreement were heavily influenced by the negotiations in the lead bargaining sector. It is vital to stress the importance of this coordinating capacity inherent in the Danish model of industrial relations across economic sectors. Nonetheless, real negotiations did take place in electrical contracting at the margins of the Industrial Manufacturing Agreement. The following summarises and reflects on the balances between flexibility and security appearing from the Electrical Agreement of 2007.

A couple of *win/win pay-offs* were identified in the analysis. Firstly, the framework agreement on wages where *income security* due to minimum wage levels is coupled with upward *wage flexibility* seems to constitute a mutual advantage for employees and employers. However, as work in electrical contracting is of a transient nature, *income security* is contingent upon external income transfers when labour demand is low, thus *obscuring the win/win pay-off*.

Likewise, working time could potentially be arranged so that flexibility and *combination security* was balanced in a *win/win pay-off*. We have refrained from making such a conclusion, however, as the balance is far too dependent on individual circumstances. Social partners exchanged *working time flexibility* for pecuniary compensation in 2007 but this, as mentioned above, is not considered as *income security* and thus remains inconclusive if we are dealing with flexicurity.

A somewhat clearer example of a *win/win pay-off* was found for training. Here the skills development foundation gave extra entitlements to training, even when irrelevant for the employing company. This should – ceteris paribus – increase both *functional flexibility* and *employment security* simultaneously. However, the former of course depends on how well new skills actually fit to skill demands of the company.

Connected to the issue of skills, the Electrical Agreement does not contain job demarcations which should raise *functional flexibility* but also *employment*

security as individual workers are able to take on different jobs – in other words a *win/win pay-off* has been created.

Several social benefits and entitlements exist in the Electrical Agreement. They have in common that, on the face of it they only benefit employees by increasing *combination* and *income security*. At a glance, they constitute an un*compensated trade-off*, however, seen as part of the big package of revisions to the agreement it becomes clear that demands for *working time flexibility* have probably been met with demands for improvement of these benefits. The 2007 negotiations saw leave extended and an à-la carte option on pay, pension and vacation. It therefore seems appropriate to include them in a *compensated trade-off* with working time. Again, coordination with the lead bargaining sector was decisive.

Finally, atypical employment gives a blurry picture of flexicurity. On one hand, equal treatment is secured for part-time, fixed-term and agency workers through either directives for the first two or labour court rulings for agency work. This should simultaneously ensure *income, combination* and *employment security* together with *external numerical* and *working time flexibility* for these forms of employment. Bargaining in the sector has not been influential here. The Electrical Agreement does, nevertheless, stipulate limitations on the use of part-time and fixed-terms workers, thus protecting *job security* for typical employees at the expense of *employment security* and *flexibility* for the atypical forms of employment. This could constitute an *insider/outsider* problem and does not compensate for the loss of flexibility. Moreover, an effective certification system puts up barriers for new entrants to the industry, but at the same time ensures high quality labour and thus *functional flexibility* and *income security*. The flexicurity balance is difficult to establish without investigating actual practice and working conditions in the labour market.

6.6 The sectors and the overall flexicurity model in Denmark

Much of the interest in flexicurity to begin with has centred on the remarkable labour market performance of Denmark since 1994. Typically, the success has been attributed to external flexicurity inherent in the so-called 'Golden Triangle' which couples high *external numerical flexibility*, high *income security* and high *employment security* instead of *job security*. However, this analysis has also shown how sector level bargaining in Denmark can contribute significantly to flexicurity – albeit mostly on internal forms of flexibility and security. This is perhaps no wonder when one considers the voluntarist tradition for labour market regulation in which social partners have traditionally had a large degree of autonomy in determining the terms and conditions of employment through coordinated sector level bargaining.

It is perhaps this coordinative capacity which distinguishes Denmark the most from the UK, where social partners – as we have seen – also have a high degree of autonomy. Our sectors – print and electrical contracting – form part of a coordinated process in which the lead bargaining sector produces agreements on issues that have societal reach such as vocational training and leave ar-

rangements. As such, our sectors are receivers of these large scale compromises that more often than not have been negotiated in the shadow of hierarchy with the government visibly inducing social partners to address these tasks together. The fact that collective agreements have wide coverage and that there seems to be a near consensus on voluntarism aids the breadth of agreements to grow. We have argued that this facilitates development of flexicurity balances by increasing possibilities of exchanges and our process analyses seem to back this contention. Similarly, welfare related issues in the agreements seem to facilitate union acceptance of further flexibilisation especially of working time. This was furthermore coupled with 'cold cash' in the form of pay supplements.

Our analysis also showed that besides considerable 'room for manoeuvre' in the Danish labour market model, social partners enjoyed an even and trustful relationship. Thus bargaining in both sectors was carried out in a constructive climate where mutuality and search for solutions were prioritised over conflict. This is not to suggest that conflict is not present in Danish collective bargaining, rather it shows that conflict has somewhat been institutionalised in order to facilitate production of agreements (Strøby Jensen 2007).

7 Spain

The term 'flexicurity' has been debated more in Spain than in the UK - but at the same time the term has provoked more resistance than in Denmark.

The reason that the government, social partners and some researchers in Spain have latched onto the term flexicurity might be because the term helps to legitimize past as well as the present government's efforts to improve the situation of the highly segmented labour market and promises a strong role for social partners. First and foremost, several reforms have attempted to transform temporary employment (making up more than 30 percent of employment in Spain in full-term equivalents) into permanent jobs, and to improve various forms of security for those who remain on temporary contracts. Furthermore that these Spanish reforms were among only a handful of examples of reforms emphasized by the European Commission in the process leading the common European flexicurity guidelines in 2007 might have played a role.

Whereas the Spanish employer organizations have not opposed the flexicurity concept and the Spanish government has gradually accepted it, the Spanish trade unions have been more sceptical. The position of the Spanish trade unions regarding flexicurity has contributed to making the discussion of flexicurity less consensual than in Denmark. Like the trade unions in most other southern and central European countries Spanish trade unions feared the concept was the sweet icing designed to swallow the bitter pill of liberalisation (Mailand 2008a). More specifically, one of the two major Spanish trade union confederations, has - using data from a World Bank survey - questioned the commonly recognized assumption that the Spanish labour market is very rigid.

The rigidity of labour market regulation in terms of high dismissal costs, that has often been referred to as the main reason behind the high numbers of temporary contracts, is according to UGT not as rigid as believed and has not had the assumed impact on labour demand (Torrentes 2006).

In the following the first section will be a short presentation of the Spanish labour market and welfare state model. The second and the third sections include an overview of the legislative and collective bargaining framework for external flexicurity (related to unemployment and transitions in and out of employment) and internal flexicurity (related to in work conditions) in Spain. The fourth and the fifth sections are the core of the analyses. They focus on the role of sector-level collective bargaining in the print and the metal working sector (including electricians) in delivering balances of flexibility and security. The final section includes a short summary and discussion of the findings.

7.1 The Spanish welfare and labour market model

This section briefly outlines the main characteristics of the welfare and labour market model, giving us a general idea about how the issues relevant to flexicurity are regulated in the country.

The Spanish welfare state model

The Spanish welfare state is often said to belong to the Mediterranean regime typology, characterized by a strong role for the church and, especially, the family in welfare provision as well as limited social provisions overall.

The Spanish social protection system under Franco was deeply embedded in the principles of the breadwinner model. The role of women was to stay home and look after children, the sick and the elderly. Hence their access to education and the labour market lagged well behind other European countries and social care services remained very underdeveloped until the mid 1970s (Guillén 2006).

After the fall of the dictatorship new welfare schemes have gradually been developed. They mix the Bismarck and Beveridge models, but still lag behind Northern European nations in terms of scope and benefit levels (Gallupi 2006). The underlying drive for welfare development can be singled out as women's increasing participation in the paid labour market. Spanish welfare development appears as a via media between both corporatist-continental and Anglo-Saxon 'liberal' models which also incorporates some social-democratic inputs as reference tokens.

Liberalisation in the provision of welfare services is noticeable in the extension of free-market morals and, thus, in the proliferation of 'non-profit' NGOs and the reinforcement of the process of welfare privatization (Moreno and Sebastía 1992).

The Spanish labour market model

In the Franco era from the mid-1930s to the mid-1970s the state clearly dominated industrial relations. The terms 'state corporatism' or authoritarian corporatism' were used to describe the relations between capital, labour and the state in authoritarian regimes like Spain under Franco where trade unions were clearly under the control of the state (Lembruch and Schmitter 1982). Applying more recent ideal types (Crouch 1993; Visser 2005), Spain falls rather within the etatist (state-dominated) models than the neo-corporatist one (Mailand and Andersen 2001), even though, as we shall see recent developments include some features of the later.

The democratic transition in the late 1970s brought some changes in the regulation of the labour market aimed at opening new spaces for bipartite regulation by now more or less independent employers and trade unions. However, the degree of state intervention and the role of law in the industrial relations system remained pervasive. This was confirmed by the 1980 Workers' Statute, which set up extensive procedural and substantive state regulation in order to support the development of collective bargaining that still forms the core of Spanish labour market regulation today (Molina 2007). However, strong state involvement has not developed a system of arbitration and conciliation. This is so although strike activity and industrial conflict is relatively high in Spain compared to the rest of EU. Since the mid-1990s, however, efforts have been made to introduce regular procedures for solving labour disputes by mediation

and arbitration. Bipartite agreements for resolving disputes out of court have been concluded at the national and regional level (EIRO 2009).

The largest and nearly all-dominating trade union confederations in Spain are Union General de Trabajadores (UGT) with ties to the Socialist party and Comisiones Obreras (CCOO), with ties to the Communist party. Both unions organise employees in a large number of sectors and include sector federations. UGT was founded in 1888. It has traditionally been the less radical of the two unions. The CCOO emerged out of the spontaneous semi-clandestine workplace organisation of the dictatorship years. It gained its important role following the transition to democracy.

Membership density of the Spanish unions is difficult to assess - among other things because members' unpaid dues make statistics unreliable. Nevertheless, it is certain that there has been a sharp decline in the density rate since the late 1970s where survey findings suggested a 40-45 percent density in manufacturing (Martinéz Lucio 1998). Today the unions claim a density of 10-15 percent each, whereas independent sources do not estimate the total trade union density to be much higher. There are several explanations for the low membership rates. Among them are that the automatic and mandatory extension of collective agreements (see below) and a dual structure of workers' representation reduced the incentives of workers to join unions (Molina 2007).

However, like in France, the membership figures give an incomplete picture of union influence. Collective bargaining coverage is much higher than membership density and the political influence of the trade unions does not depend only on the membership figures.

Unlike employers' confederations in most other countries, the only confederation in Spain (CEOE) was set-up before - and not after - its member-organisations. The set up was connected to a first wave of social dialogue in the late 1970s. The most important member-organisations are not branch organisations, but regional organisations – such as FNT in Catalonia - and the organisation for SMEs, CEYPME. Estimates on the density of CEOE vary, but rates as high as 75 per cent of all companies can be found (Rhodes 1997).

Spanish collective bargaining system has in recent decades been subject to formal as well as informal decentralizing. However, inter-sector, as well as sectoral and provincial agreements continue to play a strong role. Hence the type of decentralization has been organized or centralized decentralization. Considering the low trade union density collective bargaining coverage is very high in Spain: 81% of employees were covered by an agreement in 2001. Legal extension of collective agreements contributes strongly to getting the coverage up to this high level. The number of collective agreements has grown from 3.763 in 1997 to 4.167 in 2005 – this has contributed to increasing the coverage. This increase is related to a growing number of new companies boosting the volume of employment, as well as a rising number of agreements at sectoral level. In 2005, collective agreements at sectoral and provincial level covered 55% of all employees, whereas national cross-sectoral collective agreements covered 27.4% of employees. In the public sector, wages and working conditions are

still strongly conditioned by statutory regulations because of the traditional career rights of civil servants. However, since the 1980s national and regional bargaining has developed for public sector workers (EIRO 2009).

Moreover, social dialogue at national level in several periods has played an important role in Spanish industrial relations. From 1977 to 1986, a number of income policy agreements were signed. This period was followed by a period of confrontation. A second period of cooperation between the three actors began in 1996, when more than a decade of Socialist rule ended with the election of a centre-right government. In this second period, tripartite agreements were concluded relating: to pensions (1996), labour market reforms (1997), vocational education and training (2000) and social security (2001). Around 2000 the dialogue seemed to face difficulties again. Part of the reason for this might be that in 2000 the government won an absolute majority and, therefore, was less dependent on support from employers and trade unions than previously. With the election of the new Socialist government in March 2004, social dialogue improved once again (Mailand 2006). Some of these features will be dealt with in more detail below.

7.2 Regulation of external flexicurity in Spain

According to our definitions above we calculate as external flexicurity are *external numerical flexibility*, *employment security* and *income security*. As will be clear from what follows legislation plays a much greater role in delivering this than do collective agreements.

External numerical flexibility

As the debate indicates *external numerical flexibility* (and *job security*) could be seen as the core flexicurity parameters in Spain. This is because the Spanish labour market is highly segmented. Permanent employees have well-protected jobs and face a very low level of *external numerical flexibility* and a very high level of *job security*, whereas the large number of temporary employees face a high level of *external numerical flexibility* and a low level of *job security*. These issues are mainly regulated by legislation – both for the permanently and temporarily employed.

To understand the background for the high number of temporary employees in Spain it is necessary to go back to the time around democratization. Since shortly before democratization in 1977 and until the mid 1990s, Spain experienced a serious economic crisis with unemployment figures above 15 percent for most of the time. As a reaction to this crisis, a number of reforms in the 1970s and 1980s legalized the use of temporary contracts, without introducing a relaxation of the relatively well protected permanent jobs. The first was the Moncloa pacts in 1977, but the most important move might have been the change of the labour code in 1984 (Miguéles 2008; Rhodes 1997). Together with the economic downturn these regulatory changes led to a massive increase in the share of temporary contracts in the 1980s and early 1990s to above 30 percent. Hence, the problem of the Spanish labour market was not only the high

level of unemployment but also a high level of segmentation where temporary employees had great difficulty in getting permanent jobs.

The first attempts to address this situation took place with the labour market reforms in 1994 and 1997. The reforms included a significant reduction in the dismissal costs attached to new permanent contracts (a priority of the employ ers) but also promoted the use of permanent employment contracts (a priority of the unions). These reforms should be seen against the background of 35 percent of all contracts in Spain being temporary. This was the highest level in Europe. A new Labour Market Reform in 2001 introduced further incentives to increase the share of permanent contracts – some of these limited to specific targets groups (e.g. young, women and disabled people) (EIRO 2001).

The reforms seem to have been of limited effect. The proportion of temporary work fell from 33.5 percent (1997) to 31.7 percent (2000). In the longer term, however, the 1997 agreements produced no significant reduction in external flexibility. The proportion of temporary workers has however increased again more recently, reaching 33.8 percent in 2005 (Miguélez 2008).

The socialist government that came into power in 2006 made yet another attempt to address the problem of temporary employment. The agreement for Reform of the Labour Market concluded in 2006 contains a number of features that distinguish it from the 1997 agreement. The features are designed to encourage firms to offer permanent contracts: reduce certain employer contributions; subsidies for converting temporary contracts into permanent ones for specific unemployed groups (young persons, women, over-45s). However, the 2006 agreement also contained measures intended to limit the period for which workers may be employed on temporary contracts. Thus those employed on a temporary basis for 24 months in a period of 30 months in the same job in the same firm will have to be given permanent contracts. In pursuit of this aim, the Labour Inspectorate is to be stepped up, as is collective bargaining coverage of this topic (Miguélez 2008). It remains to be seen if the attempts will be more successful this time.

In 2006 OECD published an index over Employment Protection Legislation, which covers regulation deriving from legislation as well as from collective bargaining. Spain's overall EPL score is here 2.6, whereas Denmark has 1.8 and the UK1.1. In the EU, only Portugal with 3.5 has a higher score than Spain. However, since the index covers permanent as well as temporary employees, and Spain has a very high protection index for temporary employees, the Spanish EPL index for permanent employees is comparable or lower than the index of Portugal, Norway, Sweden, Austria, Slovakia, France, Greece and Germany (OECD 2004). Hence, even though job security is high and external numerical flexibility low, Spain is not in an extreme situation in the EU.

Employment security

Another part of the external flexicurity model is *employment security*. Although labour demand has been rising during the 1990s and for the most part of the present decade, and employment rates have increased by 14 percent from 1998

to 2007, the low point at the start means that the rate is not higher than 66 percent, the same as the EU average employment (OECD 2008).

Among the most important regulation measures associated to this is active labour market policy (ALMP). Spain has relatively low levels of spending on active (as well on passive) labour market policy measures. The active measures made up 0.80 percent of GDP in 2006 and the passive measures 1.43 percent of GDP (OECD 2008).

The first years after democratisation in 1977 saw the introduction of a few isolated youth employment initiatives such as the 'work placement contracts' (contratos en prácticas) and training contracts (contratos de formación). The first Employment Act was approved in 1980. From the mid-1980s, when Spain entered the EU and the economic recession developed into growth and creation of jobs (mostly temporary employment made possible by a legal change in 1984, see below) more initiatives were taken within employment policy. Despite these initiatives, Spanish employment policy was still fairly limited in its scope and scale at the beginning of the 1990s.

A labour market reform in 1994 included a number of actions in relation to ALMP, most importantly the so-called 'work placement contracts' which targeted unemployed young people with university or vocational qualifications. In order to provide work experience, the contracts opened the opportunity for young people to be employed in jobs related to their formal qualifications for up to two years at a reduced minimum wage (Aragón et al. 2000).

In addition to the labour market reform's attempt to create more (permanent) jobs and a more flexible labour market, the social benefit reform of 1992 was the first attempt to address the social benefits repercussions on incentives to take up employment (see below).

In late 2003, a new Employment Act was approved by parliament and replaced the 1980's Employment Act. This regulates the working of the public employment service in the context of the decentralisation that had taken the place of this during the 1990s. The act did not introduced major changes, but emphasizes three important features: 1) a quid-pro-quo – the public employment service should supply the job-seeker with a job-finding plan (drawn up in co-operation with the job-seeker); the job-seeker should, in accordance with the plan, participate actively in activation measures. 2) Active and passive measures should compliment each other.

Income security

Regarding *income security*, unemployment benefits became more generous during the 1980s and the replacement rates rose to 60-80 percent of previous income, and in some cases - as a result of high marginal tax rates for low and mid-income groups - to over 100 percent. The 1992 reform, therefore, sought to reduce these disincentives by, inter alia, increasing the minimum period of work to qualify for benefits from 6 to 12 months and lowering the average duration of benefits from 20 to 12 months and the maximum to 24 months. However, the majority of the unemployed in Spain was - and still is - young people without a

job record and therefore not eligible for social insurance, but only for social assistance. As a result, it is doubtful whether this reform has had any great impact (Rhodes 1997).

Even though after a general strike in 2002 the Spanish government had to withdraw some of the most controversial elements regarding the acceptance of 'suitable work' and a number of restrictions on benefits (Miguélez 2008) the level of *income security* provided by unemployment benefits has nevertheless been reduced further in recent years. Moreover, it is now 40 percent of employees who still have no benefit entitlement at all. The terms of entitlement have been tightened, as is the case throughout the EU, so that it is now necessary to have worked for a whole year to qualify for unemployment benefit for three months, the amount of benefit has fallen and is around 65 percent of the average wage received during the reference year, and the duration of benefit is now a maximum of two years (Miguélez 2008). It seems that the attempts to make work pay- that not only include reforms of unemployment benefits but a recent increase in the minimum income (see below) – have had an effect. A recent study found that the average net replacement rate (benefits versus previous income) in 2007 was as low as 48 percent – much lower than in both Denmark and the UK (OECD 2007b).

Regarding *pension* issues (also relevant *for income security*) Spain has long had relatively generous early retirement schemes, but these are now being phased out and different incentives for older workers to stay in the labour market are being introduced. These include the possibility to work part-time and receive an old age pension; reductions in the employer's social security contributions for an open ended contract of people over 45; reductions in the pensions for those that retire before the old age pension age of 65. Occupational pension schemes are among the least widespread in the EU, and cover less than 10 percent of the labour force (EIRO 2004). Among the important steps in this regard has been a tripartite pension agreement from 1995. It included a plan for maintaining public-funded pension schemes as well as an agreement on the social security of agrarian workers. It was remarkable in that the trade unions agreed to a reduction in pension funds; the government, on their part, agreed to maintain the purchasing power of the pensions and introduced improvements in restricted areas such as pensions for widows and orphans. The pension agreement was only signed by the trade unions and the government; the employers' confederation CEOE withdrew from the negotiations because the draft plan channelled all surpluses from the social security into a fund for maintaining the coverage level in the future; the CEOE wanted this to be used for a reduction in payroll taxes instead (Pérez 2000).

2004 saw a third important government initiative regarding *income security* when the new Socialist government raised the minimum wage in their first year in government. The minimum wage issue will be presented in the next section as it concerns individuals in employment.

Atypical employment and flexicurity

Legislation on *temporary work agencies* (TAW) was introduced in 1994 and redrafted in 1999. The latest version provides the TAW with the same right as other employees in the company that hire them in. These national legislative attempts to better the conditions for temporary worker (and other atypical employees) now also have a European backing. The EU-directive on part-time work, and since then the fixed-term directive from 2002, provides prevention of less-favourable treatment for these groups of atypical employment. This regulation of fixed term work restricts employer use of successive definite contracts to four years. After four years any such contract becomes indefinite, although derogation from this rule may be justified on 'objective reasons' or via workforce agreements (both union and non-union). The provisions for part-time and fixed-term workers can – however – be circumvented by reference to so called 'objective reasons'.

On the top of these legal initiatives, CCOO, UGT and CEOE have signed a collective agreement for TAW, which to some extent also mainstreams agency workers conditions with permanent employees. The latest version covers the years 2006 – 2010.

7.3 Regulation of internal flexicurity in Spain

According to the division made above, the dimensions of internal flexicurity are *functional flexibility*, *working time flexibility*, wage-flexibility, *job security*, *combination security* and *employment security*.

Job security

Regulation related to *job-security* has already been presented in the previous section on numerical flexibility. Here only one feature will be added.

In Spain, one of the ways employees and trade unions have aimed for *job security*, has been introduction wages – the so-called 'double pay scale,' that labour market legislation has opened opportunities for. In an unknown number of firms, negotiations have led to agreement that new workers are paid a lower wage in return for an enlargement of the workforce - or for their recruitment on an open-ended contract. In many cases these arrangements have only been valid for a limited period, at the end of which the two scales would converge. In other cases these agreements have been concluded without any time limit. This has given rise to disputes among the trade unions themselves (EIRO 2004; Miguélez 2008).

Functional flexibility and employment security

Functional flexibility has been developed gradually over the years. In sectors such as chemicals and banking, however, new work organizations have been introduced including much broader job classifications and multi-skilling of employees. Collective agreements have played a role here, the inter-sectoral agreements as well as the sectoral agreements. The Interconfederal Agreement on Collective Bargaining (ANC) concluded in 2002 and 2003, for instance,

explicitly refers to refers to the need for exchange between, *inter alia*, *functional flexibility* and *job security*. But developments in the direction of *functional flexibility* are also seen independent of collective agreements (Miguélez 2008).

Training is another important component of *functional flexibility*. The legislative framework of training, that is especially important for *functional flexibility*, has been developed gradually, but collective agreements have also played a role in relation to training in some sectors. In 2006, new legislation was introduced that merged the systems of further training for employed and unemployed people. New legislation - based on the tripartite Agreement on Vocational Training for Employment - also mean that further training is now accredited through a unified National Professional Qualification System. Furthermore, employees are now able to undergo training not only in the sector they work in, but also in other sectors. This change has been introduced in order to improve the *functional flexibility* and employability of employees. Training in Spain is supplied by both public and private training suppliers. There have been a series of tripartite agreements on training throughout the last 15 years. Tripartite bodies exist at national, regional and sectoral levels taking part in the implementation of these agreements that collective agreements do not normally contain rights to training or similar (EIRO 2001). In an international comparison Spain is situated in the lower end in the EU when it comes to employees' use of further training. Whereas every employee could expect to receive 930 hours throughout a working life in the highest scoring country (Denmark), the figure for Spain was 250 hours, in between these is the UK with 300 hours and the lowest scoring country, Italy, has 90 hours (OECD 2007a). Comparative attempts to measure *functional flexibility* directly do – to our knowledge – not exist.

Working time flexibility

Regarding *working time flexibility*, the aforementioned labour market reform from 1994 made working hours substantially more flexible and granted the collective agreements a much greater role at the expense of legislation. This agreement started a move towards a multi-level structure of regulation with national legislation, and sector, company and workplace collective agreements. The flexibilisation includes annualized hours, part time employment and overtime. In 2002, 52 percent of the collective agreements included annualized working hours, whereas 20 percent included fixed working weeks exclusively (EIRO 2003). However, the actual use of flexible working time is very limited. A recent study found that fewer than 9 percent of employees in Spain work flexible hours, whereas the EU average is 23 percent (Isusi 2007).

Wage-flexibility

Like working time, *wage-flexibility* of one type or another is a possibility within an increasing number of firms, but again the use of this opportunity has been limited so far. In Spain, the pay of only 6 percent of employees in 1996 was

performance related, whereas the figures for Denmark and the UK were respectively 9 and 28 percent. However, in 1999 it was estimated that 40 percent of company agreements had performance-related pay for individuals, whereas 30 percent contained incentives for groups or areas. These figures do not necessarily illustrate a fast development from 1996 to 1999, because the percentage from the later survey means that only some groups in these companies benefit from these schemes (Van het Kaahr and Grünell 2006).

Like the UK, but unlike Denmark, Spain has a statutory national minimum wage. The national minimum wage was introduced in 1963 by Franco among other things with the aim of to counteract the formations of trade unions (Recio 2006). Since then, the Spanish minimum-wage has been characterized by being closely linked to the payment of welfare benefits. The unemployment benefits, for instance, has been set at a rate at 75 percent of the minimum wage. It has also been characterized by its low level compared to the statutory minimum-wages in other European countries. However, in 2004 the new Socialist government increased the minimum wage so in 2005 it reached 17.10 euro a working day. This equals 32 percent of the average earnings in Spain and is still low in a European context. Very few employees work for the minimum wage. Moreover, the new government disconnected the minimum wage from social benefits in order to allow the minimum wage to increase without increasing benefits. The government sets the minimum wage, but they are obliged to consult the social partners on the matter (Hansen and Andersen 2007).

Since temporary employees constitute such a large share of the workforce in Spain and the average wages are much lower for these than for permanent employees might explain the use of this kind of contract. The average hourly wage for temporary workers in 2005 was 61 percent of the wages for permanent employees (Miguélez 2008).

Combination security

Although starting from a low level Spain has in recent years made progress regarding *combination security*, opening up opportunities to combine paid employment with other activities. Some of the most important features regarding *combination security* are flexible working hours, leave schemes and childcare facilities. There has been improvement in childcare facilities although there is still a lack of childcare facilities for the youngest children one of main obstacles for the inclusion of women in the labour market. However, 98 percent of children aged 3-6 are covered by day-care service (the EU target is 90 percent) - but this only covers the time children spend in school, not ‘after-school time care’, which is not extensive in Spain (Léon 2007). Moreover, only 12 percent of the children aged 0-3 are covered (Kingdom of Spain 2005). The lack of this form of care represents a barrier for women’s full-time employment. Hence, in only 25 percent of couples with children under six do both parents work full-time (Larsen 2005). In sum, the Spanish government spends 2.0 percent of all social benefit expenditure on these programs, compared to the 8.4 percent EU-15 average (Léon 2007). The low preschool coverage is an expression of the lack of

affordable childcare facilities for this age group, but may also reflect Spanish values of motherhood.

Paternity leave has been extended gradually and the newest legislation provides 16 weeks of parental leave after the birth of the child – 10 of these weeks can be taken by the father. However, only 3.5 percent of Spanish men have used this option (Léon 2007).

Even though most aspects of *combination security* are mainly regulated by legislation, collective agreements increasingly play an additional role. What this channel delivers are, however, still relatively small additions to the benefits provided through legislation. Some of the legally based rights are repeated in the sectoral collective agreements to that attention is paid to them at the workplace level. But there are also cases where the collective agreements provide rights beyond the requirements of the legislation. These are among the features that will be discussed in the following sections on collective bargaining and flexicurity in the print and electrical contracting sectors.

7.4 Flexicurity and collective bargaining in Spanish Print

The following sections represent the core of the analyses, starting with the analysis of flexicurity and collective bargaining in the Spanish print sector and followed by a section on electrical contracting. Each analytical section is introduced by a short description of market and technology in the sector together with a presentation of collective bargaining actors and structures.

Market and technology[57]

In Spain, print is a very traditional branch of activity. As in other countries it can be divided into: pre-print, print and post-print (bookbinding and finishing, and manipulation of paper and cardboard). Pre-print has radically changed recently with the introduction of new technologies, whereas this is not the case in print and post-print, where this introduction has been more limited. The economic crisis and the technological revolution provoked an intense competition in prices between firms that reduced the profit-margins. The technological change has not been reflected in any widespread training, which has resulted in relatively low productivity (Spanish Team 2003).

The print sector is composed of small and traditional firms (88 percent of firms with less than 10 employees). The print sector (NACE-code 22) employs 189.300 persons which make up 0.9 percent of all employees in Spain.

In recent years the technological development in print has been fast, and in some countries rationalization means that as many as 30 percent of companies have disappeared within a three year period from 2002 to 2005. A similar re-

[57] Using NACE codes common for all three countries in focus, print is in this project defined as the activities in publishing (NACE-code 22.1), 'print and service activities' (NACE-code 22.2), while 'reproduction of recorded media' (NACE-code 22.3) is excluded. The intended exclusion of manufacturing of pulp, paper and paper products' (NACE-code 21) has been difficult in the Spanish case, because some of the statistics as well as the sector agreement include this branch.

structuring process is yet to be seen in Spain, but the interviewees expect some decline in employment during the coming years.

Collective bargaining actors and structures

The agreements in print (paper-production, graphic industry and print) have normally covered 2-3 years, but the latest cover five years. The three last agreements covered the years 2001-2003, the second 2004 -2006 and the third one 2007 -11. Below the focus will be on the 2007 – 2011 agreement. But we will also include items from earlier bargaining rounds when deemed relevant. As interviews concerned the latest round we can not, however, establish the processes leading to earlier agreements.

The 2007-2011 agreement was negotiated over no less than 15 months during the years 2005 to 2006. Two factors contributed to making the process so long. Firstly, the process included bargaining on a very complex and detailed issue, a new classification of professions. This one bargaining issue accounted for approximately 10 of the 15 months. Secondly, according to the interviewees the bargaining climate has been bad for years, and the level of trust low. Thirdly, there were serious internal disagreements between the two major trade unions during the process. The bargaining process will be discussed further in the issue specific subsections and in the final subsection.

In addition to the sector agreement there are three provincial agreements, all in the Basque country. Finally, company agreements exist within the framework of the sector agreement. The provincial agreements do not refer to the sectoral agreement, nor to the company agreements, but represent an alternative to them that is used mostly by small companies.

Like in all other sectors the social partners in the graphical sector are supposed to relate themselves to the *Acurdo para la Negociación Collectiva (ANC).* This Agreement on Collective Bargaining has been repeated annually since 2002. The agreements lay down guidelines for lower level collective agreements, among them wage increases. However, the ANC-agreements are not binding and the interviewees from the print sector didn't feel it had any impact on the bargaining in their sector.

The number of employees covered by collective agreements in the print sector has increased between 1995- 2005, despite the decrease in the number of employees in the sector (Fernández-Palomero 2005).

On the trade union side, the *main actors* are the sector-federations of the two dominant confederations UGT (Unión General de Trabajadores) and CCOO (Confederación Federal de Comisiónes Obreras) with historical links to the socialist and the communist political parties, respectively. The two sector-federations are FeS-UGT (Federación de Servicios – Unión General de Trabajadores) and FCT-CCOO (Federación de Comunicación y Transporte – Confederación Federal de Comisiónes Obreras). CCOO-FCT informed us that they organize what equals approximately 10 percent of the employees in the sector, and UGT estimated 8 - 10 percent coverage.

The main actors on the employers' side are FEIGRAF (Federación Empresarial de Industrias Gráficas de España) that has firms in the graphical industry as members; AFCO (Asociación Española de Fabricantes de Cartón Ondulado), for parts of the paper industry, and FGEE (Federación de Gremios de Editores de España) for publishing.

Pay

There were no attempts to make wages more flexible during the two last collective bargaining rounds. But the sector agreement, nevertheless, contain several elements of *wage flexibility* from earlier bargaining rounds.

Overall, pay-setting in the Spanish print sector has a framework that builds on a basic minimum-wage set at the sector level – which is naturally above the national minimum wage. This basic level is the foundation for the calculation of the various rates in the job classifications system so that the basic wages are similar for each job category (see below). At the same time, the sector agreement allows the companies to have salary incentives, depending on, *inter alia*, productivity and seniority.

The basic wage in 2007 was 13.77 Euro for one working day and in 2008 14.15 euro. These figures do not include obligatory and optional bonuses and supplements. It was agreed in the last bargaining round, that wage increases for 2009 - 2011 should be based on the retail price index plus 0.25 per cent. The basic structure of the wage system is an expression of a win-win pay-off, where the basic wage represents *income security* and the opportunity to add by various forms of supplements (see below) *wage flexibility*.

The sector agreement also contains bonuses related to seniority which constitutes a minimum level that can normally only increase, not decrease. Employees who have worked in the same company for three years receive a bonus equal to 3 percent of the annual wages. The bonus is repeated after three years. Another 3 percent bonus is paid after five years – this bonus is repeated after five years. Furthermore, the sectoral agreement contains the so-called 'June and Christmas bonuses' equal to 30 days wage including seniority supplements.

Moreover, the collective agreement includes supplements that compensate for different features: nightshifts, health risks and overtime (this later aspect is, nevertheless, limited by law). Nights shift (between 10 pm and 6 am) provides workers with 25 percent supplement of the basic wage, whereas work with toxic substances includes a 20 percent supplement.

The agreement does, however, not only include regulations for supplements, but also for special cases where individual companies through so called hardship clauses are allowed to decline from the agreed wage levels in the sectoral agreement (Marginson & Sisson 2006). These include a situation where 1) a company had announced in advance a deficit or a loss, 2) liquidity problems, loss of significant clients and insolvent costumers. To be justified, the management at the company concerned needs the company employee representatives to sign up to it. In case there are not such representatives a sector level a joint bipartite committee can do the job.

The redesign (simplification and modernization) of the job-classification system (see below) led to de facto wage increases for an estimated 25 percent of the employees, since each job-description is linked to a point system, which again was linked to wages. In sum, the agreement includes a flexicurity balance in the form of a win-win pay-off in relation to the overall structure. Moreover, the agreements included *compensated trade-off*s in that employees are compensated with wage supplements for *working time flexibility* (see also below). However, this cannot be classified as flexicurity as they do not include any security element. Nor could the relatively flexible wages be seen as part of any other specific balances.

Working time

Working hours in the print sector are among the longest in Spain and the trade unions have aimed for reductions since the negotiations of the first sector-wide agreement in 2001. In 2001, this resulted in a 24 hour reduction of the annual working hours.

Hence, working time was one of the important issues in the bargaining round. In the print sector there are annualized working hours, meaning that the hours have to reach a certain number by the end of the year, but that it can vary within the year, with the exception of those working on the night shift. They have a fixed 40 hour working week. However, in the agreement there is a maximum of 10 hours a day and 50 hours a week that applies for all employees[58]. However, according to the interviewees, there is an unofficial norm of a 40 hour working week for all employees. The agreement does not include regulations of overtime pay, other than specifying that pay can be exchanged into free time in accordance with the Worker's Statute. The Workers Statute lays down that overtime pay cannot be below the normal wage for the job in question. This relatively loose framework leaves it, de facto, to the company to specify the overtime pay.

In the latest agreement the number of annual (effective) working hours will be 1,776 in 2009, but from 2011 it will be reduced to 1,768. To get the employers to accept this reduction in working hours the trade unions had to accept an extension of the period the collective agreement covers by one year, so that it runs until 2011. This could be seen as a *compensated trade-off* between *combination security* and a prolonged period of industrial peace. However, since the combination does not include any flexibility dimension, it does not represent flexicurity.

During negotiations the employers attempted to get a certain share of working time reserved for work that cannot be planned in advance, but they failed to get this through.

Shift-work is very widespread in the print industry, as mentioned above the norm in the manufacturing part of the sector has been to work in three shifts. As

[58] This is actually above the 48 hour limit set in the EU working time directives. However, the directive opens opportunities for individual opt-outs.

stated above this type of *working time flexibility* is compensated, but does not form part of any specific flexicurity balance.

Notice periods and external numerical flexibility

Notice periods - and other features related to *external numerical flexibility* such as redundancy pay - are mainly regulated by legislation, more precisely by the Workers Statute. However, a few numerical flexibility issues can be found in the collective agreements, among them in the collective agreements in the print sector.

Trial periods are one of these issues. The trial periods for 'superior or medium qualified technicians' are six months, whereas for technical and administrative staff it is two months and one month for all other employees. However, there were no changes in relation to the trial periods in the last collective bargaining round.

Early (partial) retirement is another issue in the agreement related to numerical flexibility. Until recently retirement age was legally based at 65, but this 'standard year' has been abandoned and now there is no fixed retirement age. Early retirement entered the agreement as late as in the last bargaining round. However, the paragraph in the collective agreement is an implementation of legislation on partial retirement. The short paragraph simply states that employees - after having gathered the demanded requisitions - can accede to partial retirement, as long as there is an agreement between the parties. This inclusion of the rules in the collective agreement was a priority for the trade unions. By including a paragraph in the collective agreement on this possibility, the trade unions hoped to focus more attention on this and hoped that employers would hereby feel more committed to actually providing partial retirement.

The trial period of two months for technical and administrative staff is relatively short, whereas the other is similar to European averages. Short trial periods mean that after only a short period of employment permanent employees are difficult to get rid of in the Spanish system. Hence, it represents high *job security*. At the same time it contributes to the segmentation of the labour market, in that it increases incentives to use temporary employees.

Furthermore, the partial retirement scheme is a clear expression of *combination security*, but could also be seen as a form of *job security* for older people. As with most other bargaining issues the interviewees would not allow that this be part of any specific flexicurity package or balance. And in this case it truly seems that partial retirement is uncompensated and not part of any balance that includes flexibility.

Job demarcations and productivity

The most important change that took place during the latest bargaining round regarding *functional flexibility* - and maybe the most important change in the whole agreement - was a substantial redesign of the classification system which describes job-tasks in the graphical industry. The old job classifications often connected the tasks to specific machines. More than 500 job-descriptions were

reduced during the negotiations to approximately 100. Whereas the old system - which had origins in the 1970s - only took the work that had to be done on the machine into consideration, the redesigned system also takes skills and responsibilities more broadly. The new system came into force the 1st of January 2009.

The redesign was a clear priority of the trade unions during the bargaining round. The employers knew it was about time to change the classification system because it was outdated. Among others things some of the machines related to the classification were no longer in use. However, according to the interviewees it was not one of the employer organizations' priorities to do so. The reason it was the trade unions, and not the employers that wanted a more simplified and updated classification system might seem surprising, but it can be explained by three factors. Firstly, the employers in the Spanish print sector do not seem to be forerunners when it comes to introduction of new technology and new forms of work organization. The potential benefit for the employers of a new classification system that could provide more *functional flexibility* might therefore not have been obvious to them. Secondly, and maybe more important, the trade unions used the redesign of the classification to lift wages (see above) and to get skills and formal qualifications acknowledged. The employers might have foreseen this – if so this might have contributed to the lack of enthusiasm.

In the early stages of the negotiation process in 2007, UGT and the employers' organizations were close to a compromise on the classification system, but CCOO found that too many important features where left out in a draft paragraph between the two other dominant negotiation partners and could not therefore support it. As an example of what was left out, the CCOO interviewee mentioned the problems of barriers for acceding from one category to another when a machine was removed from the workplace.

The employer and the UGT representatives agreed that the redesign of the classification system had de facto made job descriptions broader and thereby increased *functional flexibility*, however, still within the borders of the categories. The CCOO interviewee, however, did not see a change towards greater *functional flexibility*, but only towards greater recognition of the individual employees' performance.

According to the interviewees, the reclassification system was not part of a specific quid-pro-quo with the employers, but part of an overall give and take (see below). This seems plausible. If the employers, as could have been expected, were aiming for the reclassification, it could have been seen as an exchange between *functional flexibility* and de facto higher wages – but as described this was not the case.

Education and training

The latest collective agreement does not contain anything regarding education and training. There are several reasons for this according to the interviewees. Firstly, the trade unions see the national system of further training as sufficient and they recognize the value of the state recognized courses. However, the employers' organization has the opposite opinion on the present system, and will

await the result of the governments forthcoming reform of the further training system. Secondly, the employers' organizations fear that further training will be used to ask for wage increases and for automatic promotions on the ground of completed courses. Thirdly, whereas the trade unions find it natural that training takes place within working hours, the employers in the sector want – as a result of their scepticism towards the present system – training to take place outside workings hours.

Apart from these differences in between the employers' organizations and the trade unions, the interviews also indicate that the two trade unions gave different priority to training as a bargaining issue. Whereas the interviewee from CCOO pointed to education and training as one of the issues that the trade unions most wanted to see on the future bargaining agenda, the UGT interviewee did not see the lack of further training as a major problem in the sector compared to the level of wages. Whether these differences also reflect a more general difference in the priority of training in the two organizations is not known by the authors.

Social benefits and entitlements

Whereas the have been no changes in vacation - this is still 30 days annually, not including bank holidays - a number of changes in relation to leave and absence from work has been included in the latest collective agreement. They are all related to *combination security*, and to some extent also *income security*.

Firstly, the possibility to take voluntary leave for employees with more than one year of seniority has been extended, in that it is now possible to seek unpaid leave from four months to five years, whereas until 2007 it was not possible to seek leave for less than one year.

Secondly, leave under special circumstances has been extended slightly too. Whereas there is still a possibility - not a right - to apply for three years leave for every child born in the family and for each family-member that is declared disabled, the possibility to apply for leave in the case of age, accidents or sickness if a family member cannot take care of himself or herself has been extended from one to two years. Also shorter leave periods related to a number of other incidences have been extended.

Thirdly, as something new an accumulation of hours for breastfeeding has been introduced. This provides women that are still breastfeeding their children after maternity leave with the right to one hour of leave per working day. These hours can be accumulated into full working days and used as a continuation of the maternity leave.

Sickness pay is one of those social issues where there have been no changes in the last bargaining round and where all aspects listed in the sector agreement is taken from legislation. The rules provide employees in situations of temporary incapacity to receive 100 percent of the last month's salary from the 5th day. The companies have to pay the difference between the social security payment and the wage.

It is important to note that most of the rules and regulations on social issues have been introduced very much in the shadow of hierarchy, i.e. as resulting from pressure from legislation. Most of rules and regulations are the compulsory transpositions of the legislation into the collective agreements, in that collective agreements act as the implementation tool for the legislation in these cases. In a few cases, the introduction of the issues has only been inspired by legislation - or by the situation in other sectors. This is so because the majority of the other sectors have more developed work-life balance regulation than the still male-dominated graphical industry. However, even though the sector is male-dominated one of the trade union representatives pointed to the increased number of women in the industry as an incentive to pay more attention to work-life balanced issues. 33 percent of the employees in 2001 were female (Spanish Team 2003).

The interviewees did all agree that the changes in work-life balance issues were minor, but both the UGT and the CCOO representative expected further improvements for their members in the coming rounds now that the issue has entered the bargaining agenda. The changes do not seem to be part of any specific flexicurity balances, in that the gains in security are not compensated with gains in flexibility – or with any other features for that matter.

Provisions for atypical employment

Temporary employment is less widespread in the graphical sector than in most other sectors on the Spanish labour market. In 2001, 19 percent of the employees in the sector were on temporary contract. Moreover, temporary employment and part-time employment are more frequent for women than for men in print. Temporary employment for women in 2002 accounted for 26 percent of total female employment in the sector whereas it only accounted for 15 percent of male employment (Spanish LFC 2001; Spanish Team 2003).

There are no features in the sectoral collective agreement regarding temporary employment and the sector collective agreement for the print industry is no exception. The basic regulation is laid down in legislation, EU directives and in inter-sectoral agreements on TAW.

Part-time work is not very widespread in the print sector. Part-time employment for women accounts for 4.9 percent of female employment, whereas in 2001 it made up only to 1.5 percent of male employment (Spanish LFC 2001; Spanish Team 2003). There was no new agreement on part-time work in the last collective bargaining round.

Summary of Spanish Print

At first glance, it seems that the employers did not achieve much in the bargaining process. According to the employer representative, the employers' priorities were *working time flexibility* (in the meaning of improving the opportunity for the employer to ask for overtime), a freezing of the seniority bonus (so that new employees would not have a right to this) and performance related wages. All interviewees agreed that the employers' did not succeed in getting any of these

priorities through. What they did obtain was a one year extension of the collective agreement, so that it now covers more than the usual three year period. Moreover, the signing of the agreement provided the employers with what the trade union interviewees labelled 'relative peace'.

The trade unions, on the other hand, have obtained a redesign of the classification system as well as a (limited) reduction in working hours. Moreover, the trade unions aimed for improvements in the work-life balance area. The trade union representative emphasized the improvements in this area, not so much for the content of the improvement, that according to them were marginal, but because the theme is now on the bargaining table and can therefore be used as a platform to aim for improvements that exceed the legal minimums in coming bargaining rounds. The trade unions furthermore, aimed for a reduction in working hours. They also succeeded in this regard, but again gains were rather limited. The trade unions also wanted improvements in health & safety issues and further training, but they did not manage to do so.

As an analytical tool, we have found that flexibility and security - or differing types of flexibility and security - could relate to each other in four ways: as pure win-win situations (where flexibility and security are added on an equal scale), as *lose/lose pay-off*s (where arrangements in fact counteract each other and produce imbalances) as *compensated trade-off*s (where the trade-off contains a compensation for employers and/or employees) or as *uncompensated trade-off*s.

The interviewees refuted that the agreement included issue-specific exchanges on flexicurity or any other specific bargaining issues. All issues should, according to them, be seen as one overall give and take, i.e. a package. In three cases, however, it was possible to see flexicurity balances, namely a win-win pay off between *wage flexibility* and *income security* (in the overall pay-setting framework); a compensated trade off between time flexibility and pay (shift work and wage supplement in connection to these) and a *compensated trade-off* between *combination security* (a reduction in working hour) and industrial peace. However, only the first of these cases could be classified as flexicurity, because the compensation in the other cases did not include flexibility or security, but something else.

In addition to the *compensated trade-off*s the agreement includes a number of *uncompensated trade-off*s. The bargaining round in focus included an increase in *functional flexibility* caused by the introduction of the new classification system. Interestingly, the increased flexibility can be seen as an (maybe unintended) consequence of a bargaining aim of the trade unions, not the employers' organization. This illustrates the point made by Wilthagen & Tros (2004) that one can not exclusively regard flexibility as only of interest to the employers and security as only of interest to the trade unions. On the security side uncompensated trade offs were also found. The inclusion of a paragraph on partial retirement and the breast-feeding accumulation hours as well as other new and old social benefits issues could all be seen as expressions of *combination security*, but were merely transpositions of legal requirements.

The question remains if in total the collective agreement could be seen as containing a flexicurity balance. The agreement contains regulation that expresses *wage flexibility* (overall framework, flexible wage systems), time flexibility (annualized hours), *functional flexibility* (new job classification system), *combination security* (paid absence from work, maternity leave, hours for breastfeeding, vacation, reduced working hours), and to a lesser extent, *job security* (short trial periods) whereas elements that could be perceived as expressions of *external numerical flexibility*, *income security*, and *employment security* (with the exception of *income security* from sickness benefit) are by and large absent.

That the bargaining process in focus did not include conscious efforts to balance flexibility and security should not be surprising when a number of features of the bargaining actors and bargaining context are taken into consideration. Firstly, to the extent that the flexicurity concept is known in the sector organizations at all it is understood as balancing flexibility with health & safety, and not the four components of flexicurity that are found in the academic debate on flexicurity. However, conscious balancing could still have taken place. But the bargaining climate has - according to the trade union representatives and as described above - been bad for years and the level of trust between the employers' organizations and the trade unions seems to be very low. One of the trade union interviewees did not find that the employers' representative were interested in reaching an agreement at all, and even found that the bargaining process included airing of sexist perceptions by some of the participants. The difficulties are reflected in the extremely long bargaining process. It took 15 months from start to finish. Most of the time was spent on discussing the new professional classification system.

The analysis below will focus on balances of flexibility and security in relations to specific bargaining issues. In is noteworthy, that the interviews from the print sector – as those for the metal-working sector - indicate a different understanding of the concept among the sectoral social partners than the usual understanding. Hence, all of the interviews expressed knowledge of the term, but they understood security as related to health and safety conditions. It is meaningful to do so, but this does not reflect the international political and scientific flexicurity debate.

7.5 Flexicurity and collective bargaining in Spanish Electrical Contracting

The following section contains the analysis of flexicurity and collective bargaining in the metal working sector – covering electricians – and represents the second part of the core of the Spanish analysis. We start by introducing market and technology in the electrical contracting sector followed by a short presentation of the collective bargaining actors and structures.

Market and technology

It has not been possible to limit the study to the electricians in the Spanish case (NACE-code 45.31), because there is no separate collective agreement for this occupation. NACE-code 45.31 covers 110.000 employees, equal to 0.5 percent of all employees in Spain[59]. The electricians are covered by the collective agreements for the metal-working industry. For that reason the metal working industry will be in focus below.

Metal working - as it is demarcated by the collective agreements in Spain - is a very big sector. It covers not only NACE-code 27 to 33, but also a number of sub-codes under the construction industry, such as 24.31, which come under the collective agreement for the metal industry. The NACE-codes 27 to 33 cover 1.362.800 employees equal to 6.8 percent of all employees in Spain (INE 2008). The activities are relatively diverse and include, *inter alia*, manufacturing of: basic metals (such as steel and iron), fabricated metal products, machinery and equipment, office machinery and computers, electrical machinery, radio, televisions and telephony and medical instruments, optical instruments, watches and clocks.

In recent years, the out-sourcing and international competition, means that competition is much stronger now than just 10-15 years ago. Furthermore, skill shortages are now developing. At the same time worsening economic conditions during 2008 affected the demand for the industry's products.

Collective bargaining actors and structures

Like all other sectors in Spain the metal working industry on the trade unions side is dominated by CCOO and UGT, or more precisely their metalworking sector departments (CCOO Federación Minerometalúrgica and Metal, Construcción y Afines de UGT (MCA-UGT)). Apart from these two trade union federations so-called 'nationalist' trade unions from Galicia and the Basque Country play a minor role. Trade union presence has always been strong in the sector and the estimated trade union density is double the national average at approximately 16 percent.

The largest organisation on the employers' side is Confemetal (the National Employers' Organisation of Metal Sector in Spain) that have both branch organisations and individual companies as members. The organisation covers a total of 80.000 companies employing more than 1 million employees. However, not all potential branch organisations are members and Confemetal is not present in all the 50 provinces – a fact that complicates sector level industrial relations (see below).

Like in all other sectors in Spain collective bargaining in the metal working sector is linked to the ANC agreement. According to one of the employer interviewee the ANC agreement in the metal industry is used as a point of reference, whereas one of the trade unions representatives saw the ANC as mostly having

[59] The demarcations are different than in the UK and Denmark and the number of employees therefore not directly comparable.

an impact as a reference point in other sectors that have weaker traditions for collective bargaining. However, the real differences regarding the collective bargaining structure between the graphical industry and the metal working sector is the weight between the sector level and the provincial level.

The core of the bargaining structure is the provincial level. There are also company level agreements in the sector as an alternative – not a supplement – to the provincial level, but the majority of employees are covered by the provincial agreement. It is only the largest firms that have a company agreement.

There are several reasons why the provincial level has become the centre of gravity. The provinces as units for public administration were set-up by Franco in 1938, inter alia, as a tool to control labour issues and control the trade unions. Hence, labour regulation became placed at this level. The metal working sector shared this condition with other sectors in Spain, but in most of the other sectors a sector agreement was developed. That this did not happen in the metal sector, according to some of the interviewees, may be linked to the very diverse nature of the metal industry that helped to sustain those forces at provincial level not wanting a sector-wide agreement.

The first attempt to conclude a sector-wide agreement took place in 1987, where Confemetal, a number of branch organisations and UGT drafted an agreement. However, CCOO did not agree with it because they found the minimum wage too low. After this failure some of Confemetal's organisations left Confemetal. It wasn't until 1996 that the next step towards a sector agreement was taken. The Workers Statute points to a number of issues that could be negotiated at sector level. These include trial periods, geographical mobility, health and safety, employment contracts and discipline regime. The social partners at sector level started to negotiate on all of these issues one by one, but it was as late as 2006 that all the specific issues were collected into one document. It took so long because resistance on the employers' side towards a sector wide agreement was still strong. Apart from the chapters on specific bargaining issues, there is also one new chapter in the 2006 agreement that lays down the bargaining competences at the different levels. To get the agreement through despite the resistance the agreement was given a lower status than the provincial agreements. The sector agreement is an *'acuerdo'*, simply an 'agreement' not an *'convenio',*, which best can be translated as an 'binding agreement.' The CCOO representative mentioned the demarcation problems between the metal industry and the construction sector as one of the reasons this agreement was needed.

In August 2008 a revision of the agreement took place. This added two more chapters both are related to health & safety. One lays down structures for a new social dialogue body of health and safety, whereas the other introduces a new health and safety card and lays down the training requirement necessary to obtain this. The card applies to metal working companies working in the construction sector and will become obligatory from 2011.

Contrary to the situation in Spanish print, the bargaining climate has – according to the interviewees on both sides at the table – been good between the employer and the trade union negotiators, during the sector- as well as during

the provincial bargaining process. However, surprisingly the deep-rooted tensions on the employer side between sector and provincial level did not create a problem on the employer side. One of the interviewees explained the relative tranquillity of the bargaining climate as resulting from consensus reached on the inter-sectoral level of many issues – and, as stated above, no interviewees found that very big issues were on the table at the sector or the provincial level.

However, the good bargaining climate in the most recent bargaining round at sector and provincial level does not spring from long-lasting trustful relations within the sector. In order to get the employers to the bargaining table in the Madrid province in 2001, the trade unions went on strike. The employers did not want to bargain at that time, but did so due to the strike. One of the trade union representatives explained the improvement of relations between the social partners as a result of a change in leadership on the employers' side.

Since the provincial level is where most of the bargaining activities take place, this will be what we mainly focus on below. The Madrid provincial agreement has been chosen for the analysis for three reasons: It covers a large number of employees and it was said to be a standard agreement in the sector in many ways.

Pay

Overall, pay-setting in the metal working sector in Spain has – like the graphical industry - a framework character that builds on a basic minimum-wage for each category of employee set at the provincial level - which is naturally above the national minimum wage. Currently the basic wage varies from 17.34 euro per day for employees with less than one year of seniority to 31.00 euro for officials (not including any compulsory or conditional bonuses or supplements). These basic levels are the foundation for the calculation of the various rates in the job classifications system so that the actual basic wages are similar for each job category (see below). At the same time, the sector agreement allows the companies to have salary incentives, depending on, *inter alia*, productivity and seniority.

The basic structure of the wage system is an expression of a pure *win/win pay-off*, where the basic wage represents *income security* and the opportunity to add by various forms of supplements (see below) *wage flexibility*

The average hourly wage in the sector according to information from Confemetal is 7.98 euro an hour for unskilled workers, 8.70 euro an hour for skilled workers, 9.01 euro for administrative employees and 12.27 euro for engineers.

Companies – whether they are covered by provincial agreements or not – have wide competences to introduce performance related pay schemes. Hence, the level of *wage flexibility*, which the sectoral agreement makes room for, is relatively high. The extent to which this opportunity is actually used by the companies is not known to the authors. Moreover, the provincial agreement includes a bonus for increased productivity of 0.5 percent of the wage.

There were no changes in the collective bargaining round in focus – or in the previous one – to make wages more flexible. One of the few changes that took

place regarding pay was that bonuses could be used in companies without performance related wage-systems. The bonuses had previously varied for different qualification levels of employees (the higher the level, the higher the bonus), but the 2005-08 agreement mainstreamed them at 1.90 Euro a day effectively worked. This could be seen as a movement in the direction of reducing *wage flexibility*, but since the amount of money considered is so limited, the interviewees agreed that it is not a development of any significance.

Another change took place in relation to the so-called bonus of permanence, which is a form of retirement bonus. The bonus is a one-time bonus for employees with more than 10 years of service who choose early retirement. This bonus-system includes a bonus from 12 to 3 months extra salary declining from retirement at 60 to 63. This system was made possible by the Workers Statue. It was included in the 2001-04 agreement, but is not included in the 2005-08 agreement.

Both trade union representatives expressed satisfaction with the salary increase agreed in the last bargaining round. The annual increase in 2007 was close to 5 percent. The wage is now tied to the government forecast of the retail prize index, which is based on last years' figures. The collective agreement added 0.5 percent to this. The trade unions representatives were clearly not satisfied with that system, even though they found the actual wage increases sufficient.

In sum, the sector agreements include a win-win pay off in relation to the overall structure. Moreover, the agreements allow for *wage flexibility*, but no further flexibilisation had taken place in the bargaining round in focus and no other specific balances between wage-flexibility and security could be found.

Working time

Like in the graphical industry the core of working time regulation in the metal working industry is annualized hours. The hours were reduced from 1792 to 1776 in the latest bargaining round. The number of working hours is now the same as in the graphic industry. The trade unions expressed dissatisfaction with the extent of the reduction and given the present economic climate they did not expect further reductions.

With special relevance for the present study is a 'pool of hours' which was increased to 8 hours annually (only four for 2005) that working time can be extended or reduced annually. The employees need a seven day notice in advance if this pool is applied. This is an extension of *working time flexibility* - however a limited one - and it was a priority of the employers. As with most other issues the interviewees did not see any specific quid-pro-quo in relation to this specific issue, but saw it as part of an overall give-and-take. Nevertheless, the working time-flexibility resulting from the pool of hours could be seen as compensated (unintentionally) by an equally limited extension of *combination security* inherent in the pool of hours.

Moreover, according to legislation, there is a possibility to extend working time up to 80 hours annually. This rule is part of the Workers Statue, however,

it is the collective agreements and individual contracts which set the actual level of overtime pay. The provincial agreement, however, opens up the opportunity for overtime to be compensated so that one hour of overtime work will lead to one hour and 45 minutes reduction in working time. The employees need a seven day notice in advance if they are expected to work overtime.

Finally, the agreement includes a form of 'declaration of intent' in relation to flexible working time. This says that 'the signing parties of this agreement, keeping in mind the situation in the sector, wants to be mindful of the possibility to realize an irregular distribution of the working time'.

Annualized hours are an expression of *working time flexibility*, and the small pool of hours for non-specified use is a small extension of this flexibility. Contrary to the situation in the print industry, it seems not to be part of compensating exchanges with security or any other features.

Notice periods and external numerical flexibility

As mentioned in relation to the graphical industry, most features related to *external numerical flexibility* in Spain are regulated by legislation, not collective agreements. However, there are some dimensions left for collective bargaining. One of these is the trial periods that in the metal working sector are one month for all employees apart from the technicians. Technicians 'without a title' have a two month trial period and technicians 'with title' have a six month trial period. There was, however, no changes regarding the trial periods during the last two collective bargaining rounds.

Similar to the graphical industry, early retirement is referred to in the collective agreement even though it is regulated by the Worker Statute. The short paragraph in the collective agreement states that: 'In order to promote a rejuvenation of the sector it is recommended to use the contract established in the article 12.6 in the Workers Statute. For the cases of workers aged 64 years old, who wish to retire with 100 percent rights, the companies affected by this agreement can substitute each retired worker. Workers older than 63 old can retire early, obligating the employer to substitute the retired worker with a worker on a temporary contract, preferably a young worker, giving this person his or her first employment contract. This new worker will stay in the contract until the retired person reaches the age of 65' (Article 22 ibis)'.

Similar to the graphical industry, the short (2 month) trial period for some permanent white collar workers - combined with the long terms of notice for permanent employees laid down in legislation - contribute to the *job security* of permanent employees, but could not be seen as an expression of flexicurity, in that it is not compensated with flexibility in other ways than to increase the incentive to use temporary employees (a form of numerical flexibility), and hereby contributing to segmentation.

Job demarcations and productivity

There were no changes in relation to job demarcations and productive or other features related to *functional flexibility* during the last bargaining round. How-

ever, at the sectoral level the social partners agreed in 2001 on a new job classification system to replace the one from the 1970s. The old one was outdated and contained descriptions of job functions and machines that no longer existed. The new classification system includes fewer and broader job descriptions. In some cases the agreement groups the old categories into new ones. Hence, the new classification system could then be seen as a move in the direction of more *functional flexibility*.

However, the agreement has not been implemented in all provinces. The Madrid province is one where it has not been implemented. According to some of the interviews, this is due to the built-in wage-increases for some groups in the new classification system that creates employers' resistance to the new classification system. Other interviewees found that the new system is better suited for large companies. Which of these explanations, if any, are the right is difficult to say, but it is a fact that some of the large companies in the Madrid region not covered by the provincial agreement have implemented the new classification system.

Although not implemented in the Madrid province, the new classification system could be regarded as contributing to flexicurity balances. The new classification system's built-in wage increase could be seen as compensated flexibility, but also in this case the compensation is not an expression of security. With similarity to the introduction of a new classification system in the print industry the perception of the compensation as part of a package is nevertheless challenged by the fact that the introduction of the system according to the interviewees was a priority of the trade unions, not the employers.

Education and training

In the provincial agreement there is only one short paragraph related to education & training in the last two collective agreements. The paragraph emphasizes the importance of education and training and points to an agreement between the social partners at provincial-sectoral level to set-up a 'regional' (provincial) education committee with parity between the two parties. The tasks of the commission should be to administer non-specified 'plans for education' and point out directions for these plans. However, the commissions are also mentioned in the 2005-08 and have never been set-up. None of the interviewees had any accurate explanation for why the implementation of the commission had not taken place. According to them, there was willingness for a serious effort at the time the agreements were signed, but this willingness evaporated before the commission became a reality. The introduction of the commission was first and foremost the priority of the trade unions, but the employer representative was of the impression that the trade unions no longer gave great priority to the issue. Another interviewee referred to a number of other committees that the social partners had agreed upon, and that had never been established.

That these funds are not (yet) established and there is nothing else in the provincial (and hardly anything in the sectoral) agreement does not imply that the social partners are not engaged in the issue of education and training.

Through the inter-sectoral committee (Fundación Tripartita – in the past called FORCEM) and tripartite channels they influence the governments training policy and the content of courses. Moreover, individual employers contribute to a training fund by paying a quota (0.7 percent of the total wage sum) to a fund, which is managed by the Foundation. However, regarding the search for flexicurity balances, the lack of education and training issues means that the sectoral and the provincial agreements do not contribute to the balance of e.g. *functional flexibility* and *employment security* as they could have.

Social benefits and entitlements

Contrary to the collective agreements in the graphical industry, the last bargaining rounds in the metal working industry have not led to the inclusion of new features related to social benefits, leave, absence from work and vacation. The employer representative reported that the trade unions did not ask for these during the negotiations. The trade union representatives confirmed this. They explained that the timing of the last collective bargaining round took place shortly after the socialist Zapatero government came into power. At that time there were expectations that the new government would introduce new legislation in the work-life balance area and the trade unions wanted to wait and see what they would introduce, before they used collective bargaining as a tool to obtain further improvements in this area.

There are a few paragraphs related to social issues, but these have not changed during the last bargaining rounds. These include reasons for absence from work with pay and the vacation calendar. Paid leave is given in relation to medical consultancy, marriage (including of relatives), birth, grave illness or hospitalization and death of relatives. The only sentence in the agreement on maternity leave specifies that the employee automatically re-enters the company when the leave period is over and that the employee should the company notice three months in advance of the leave.

The provincial agreements regulation on sickness pay is founded on the Workers Statue, but is slightly different from that found in the graphical industry. According to the provincial agreement after the 10th day of sickness the employer should pay a 15 percent supplement (of the previous pay) on the top of what the employees receives as social security benefits or from private insurance companies that the employer cooperates with.

The length of vacation is regulated in the provincial agreement. All employees have the right to 30 days of vacation.

In sum, the bargaining process focused on did not add to the list of social benefits or improve them, but the provincial collective agreement contains a number of social benefits that express a certain level of *combination security*, and also – to some extent – *income security*. It is, however, difficult to see these as part of any specific flexicurity balance, because these security items are not balanced with any form of flexibility.

Provisions for atypical employment

The number of temporary workers in the metal working industry is estimated by the trade unions interviewees at the sector level to be around 20 percent, whereas statistics from Confemetal includes a figure as low as 15 percent. In any case, this is clearly below the national average. One of the interviewees explained the more limited use of temporary workers in the metal working industry as the high demands for specific skills within the sector combined with the necessity that the workers have some know-how of tasks and routines in the firms they are working with – two things that do not normally go hand-in-hand with temporary work. Moreover, the relatively strong presence of trade unions in the sector was also pointed to as an explanation as the Spanish trade unions oppose temporary work.

There are no features in the sectoral collective agreement regarding temporary employment and the sector collective agreement for the metal working industry is no exception. The basic regulation is laid down in legislation, EU directives and in inter-sectoral agreements on TAW.

Summary of Spanish Electrical Contracting

The collective bargaining structure in the metal working industry means that it is necessary to include both the sector and the provincial levels to get the full picture of what was delivered between the inter-sectoral and the company/firm-level has delivered in terms flexibility and security. However, even though both the sector and the provincial level (the later exemplified by the province of Madrid) are included, there have been few changes of relevance for flexicurity in the bargaining rounds focussed on. Regarding the sectoral agreement, the interviewees emphasised that the real improvement has been to reach such an agreement rather than the agreements actual content. The agreement is still non-binding and the content rather general, but new chapters might be added during future bargaining rounds. Regarding the provincial agreement the interviewees were of the opinion that this agreement was not one of the most important ones in that it did not contain many important new features or important changes in existing features.

Repeating the exercise from the section on the graphical industry on ‘who gets what,’ the trade union representatives emphasises that the wage increases were the most important improvement for them, but they also mentioned the limited reduction in working time as an achievement. The achievements of the employers in this sector are also less obvious. The employer interviewee as well as one of the trade union interviewees emphasised that the employers managed to reduce the trade union demands on both wages and working time reductions by 50 percent. Moreover, the employers had blocked implementation of the new classification system in the Madrid province. Finally, the employers gained – as a usual result from collective bargaining – relative tranquillity. But the provincial collective agreement does not contain any new features from the employers’ point of view. The employer representative also denied that the employers had any in the bargaining process.

Treating the sector agreement as the same exercise is barely possible in that the agreement as stated above was primarily a game to convince the employers' representatives at provincial level about the usefulness of having a sector level agreement. However, if any specific gains for the actors should be pointed to, it is worth mentioning that the new professional classification system was a priority of the trade unions.

As appeared from the issue-specific descriptions, the agreements only contain two specific packages that could be classified as flexicurity – these are the overall framework-based pay-system balancing *wage flexibility* and *income security* and the limited pool of hours for non-specific use, balancing time flexibility and *combination security*. However, the agreements include a number of other flexibility and security related issues that taken as a whole could represent one or more flexicurity balances. These forms were *wage flexibility* (in the form of flexible wage systems, bonuses of permanence), time flexibility (annualised hours and pool of unspecified hours), *functional flexibility* (new job classification system), and – less developed, but still present – *income security* (sickness pay, paid leave) and *combination security* (annualised hours, shortening of working hours, maternity leave, paid leave, vacation).In sum, the several uncompensated trade offs – and the trade offs compensated with features other than flexibility and security – when added, could be seen as an unintended expression of flexicurity, that do not qualify for being a *win/win pay-off* but as (unintended) *compensated trade-off* through a package deal.

To conclude, the collective bargaining processes analysed in the sector do contain quid-pro-quos some of which could be seen as small steps in the direction of flexicurity. However, it is worth making two reservations, apart from noting that the actors did not aim for balancing the elements of flexibility and security. The first is that the extent of most of these elements are relatively modest, which – among other things – have to do with the fact that the 'room for manoeuvre' in the Spanish sectors are restricted by the extensive legal regulation. The second is that when taken together, the balance between the flexibility and security elements in the metal working agreements are not balanced, but lopsided – there is more flexibility than security. Again, this could be explained by the extensive legal regulation which provides more security than flexibility.

As an introduction to the analysis of flexicurity in the sector, it is worth mentioning that the interviews conducted in the metal-working sector - like those conducted in the print sector - indicate a different understanding of the concept among the sectoral social partners than the usual understanding. Hence, most of the interviews expressed knowledge of the term, but all of them understood security as related to health and safety conditions. It is actually meaningful to do so, but this does not reflect the international political and scientific flexicurity debate.

7.6 The sectors and the overall flexicurity model in Spain

Collective bargaining in the two sectors show that even within a state-dominated model as the Spanish one, collective bargaining on sectoral (and

provincial) level has delivered some form of flexicurity balances. They have, however, been very limited and have come about more or less unintentionally as part of overall bargaining quid-pro-quos. Moreover, in at least one of the two sectors analysed the relations between employers and trade unions is – and has long been - of a low-trust nature. Therefore, a more developed bargaining relationship where parties try to balance flexibility and security seems not to be within reach in the near future. In the other sector - the metal working industry - relations at provincial level seem to be improving, but continuous disagreement on the employers side on the usefulness of sector-level bargaining is a barrier for this level and relations need to be developed as an important tool for bargaining on flexicurity related issues as well as other issues. Finally, even though the flexicurity debate has attracted the interest of the main labour market actors at national level, the concept 'flexicurity' among the sector level actors is understood as balancing flexibility and health & safety – to the extent that the concept is understood at all.

That these sectors have not developed flexicurity balances on a larger scale does of course not imply that such balances cannot be developed in other sectors. However, this is not very likely. The extensive labour market regulation in Spain leaves limited 'room for manoeuvre' for the sector level, even though this has extended somewhat during the years. This is so regarding issues related to external as well as internal flexicurity. With a weak presence at workplace level in most sectors, and succeeding governments' use of tripartite inter-sectoral consultation and bargaining, this so-called 'social dialogue' has developed into the main channel for social partner influence, also on flexicurity related issues. Still, the sector level can deliver important supplementary features of flexibility and security that alone or in interaction with the legally based flexibility and security dimensions can make up future flexicurity balances.

8 Comparative analysis

In the following we summarise findings of the study by comparing across countries and sectors. First, we take a look at the similarities and differences appearing across countries. Second, we present similarities and differences within countries *and* across sectors. Third, we discuss the importance of preconditions for developing flexicurity that have appeared from our analysis. Finally, we discuss the importance of facilitators for developing flexicurity in negotiation processes.

8.1 Variation across countries

This section presents the main contributions to flexicurity by showing similarities and differences across countries. Table 13 below gives an indication of the variation. Note that we restrict ourselves to the most pertinent balances of flexicurity and refer readers to the appendix tables for details of how exactly flexibility and security are balanced.

Undoubtedly, the UK and Danish agreements contributed more to development of flexicurity than the Spanish agreements. This is in line with our expectations that labour market models where collective bargaining is relatively more potent and autonomous from legislation would yield more balances. But the Spanish agreements did nevertheless show examples of how balances could be created despite the major role of legislation.

Generally, *the framework character of pay in all countries can in itself be regarded as striking a balance between flexibility and security* as it couples wage flexibility and minimum income security. Evidently – as with all other formal regulations – the actual practice and outcomes in the workplace will define the specific balance which might be skewed to one party or the other depending on local bargaining power. Moreover, the level of minimum wages constitutes the extent of income security and could for example be posited next to median wage levels of a country as an indicative measure of security.

With these reservations in mind, we do conceive sector level agreements as setting limits on downward pressures on wages (income security) and allowing for upward variation (wage flexibility) and we thus consider it as an example of a win-win flexicurity pay-off.

It was clear that the framework character also applies to the issue of *working time*. In all three countries basic parameters have been established in the agreements with the possibility for local variation. Working time flexibility thus seems to have been high on employers wish list be it in the form of annualised hours (Spain) or extensive shift-working (UK and Denmark). Since the potential win/win pay off between working time flexibility and combination security is such a complex issue depending on circumstances down to the individual, we have refrained from identifying flexicurity here. Generally, working time flexibility has been compensated by pay supplements but as we do not consider those as income security, it is hard to view this exchange as leading to flexicurity.

It was only in Spain, however, that a reduction in overall working time was achieved, although it was on the wish list of trade unions in both the UK and Denmark. Of course, the extent and starting point of the reduction should be kept in mind and in this light the reductions are of fairly modest importance only contributing a low degree of combination security.

Table 14: Summary table of countries and sectors

	Job security	**Employment security**	**Income security**	**Combination security**
External numerical flexibility		UK – PRINT (AT) DK – PRINT DK – PRINT (AT) DK – ELEC DK – ELEC (AT)	UK – PRINT UK – PRINT (AT) UK – ELEC DK – PRINT DK – PRINT (AT) DK – ELEC DK – ELEC (AT)	UK – PRINT DK – PRINT DK – PRINT (AT) DK – ELEC DK – ELEC (AT)
Working time flexi-bility	UK – PRINT (AT)	UK – PRINT (AT) DK – PRINT (AT) DK – ELEC DK – ELEC (AT)	UK – PRINT (AT) UK – ELEC DK – PRINT DK – PRINT (AT) DK – ELEC DK – ELEC (AT)	UK – PRINT? UK – PRINT (AT) UK – ELEC? DK – PRINT? DK – PRINT (AT) DK – ELEC? DK – ELEC (AT) ES – PRINT? ES – ELEC?
Functional flexibility	UK – PRINT	UK – PRINT UK – ELEC DK – PRINT DK – ELEC	UK – PRINT ES – PRINT? ES – ELEC?	
Wage flexibility			UK – PRINT UK – ELEC DK – PRINT DK – ELEC ES – PRINT ES – ELEC	

Abbreviations: Elec = electrical contracting; AT = atypical employment; "?" = where flexicurity balance is uncertainty

Only the Danish social partners reached agreement on workers *training and education* and the win/win pay-off between functional flexibility and employment security. This was achieved through a governmentally induced breakthrough in the lead bargaining sector. As soon as the general framework for skills foundations was agreed here, the other sectors followed suit only adapting on the margins to specificities in their area. In the UK, efforts were not missing, but the governmental inducements in print were not strong enough to establish an effective arrangement and in electrical contracting training efforts are hampered by the overwhelming use of self-employment. Social partners in Spain had not included training to any significant degree. In print, trade unions perceived the national training system as sufficient and the issue was not high on the bargaining list for employers who feared additional costs. In electrical con-

tracting, the issue did not receive enough attention to enter bargaining. Spanish social partners instead focus on influencing the political arena where tripartite agreements fulfil the function of national skills provision systems. A crude comment on the point of training could thus be that Danish social partners at sector level lack other issues to renew, UK parties including the government can not agree on the issue, and Spanish social partners struggle to get wage and working time items in place at sector level and focus on the political arena for training.

Perhaps not surprisingly, a key issue in negotiations is *enhanced benefits*. Serving to enhance both combination security and income security, trade unions practically all trade unions bring demands on benefits forward in negotiations. Indeed, conceding more benefits by employers can be used as leverage for introducing flexibility on wages and working time.

Removal of job demarcations was another key bargaining item which is connected to functional flexibility. A case in point is the establishment of full functional flexibility in the UK print agreement which was coupled with a guarantee that no individual would experience lower wages because of new tasks and responsibilities, i.e. a form of income security. In Spain, job demarcations were re-designed (not removed) which actually raised wage levels for workers. Perhaps this is why it was trade unions who promoted changes and not employers with the 'normal' interest in functional flexibility.

In Denmark, print unions also wanted something extra and the price for removing job demarcations was considered too high by employers. The Danish electrical agreement was already void of demarcations, although the certification system works to restrict employment to certain qualified workers.

The logic of getting paid for change can also be found for *social benefits connected to certain life-stages/situations* that pave the way for compromises. These can best be seen as parts of the overall package deal where the lists of demands are joined allowing for final agreement. This was indicated by social partners in both the UK and Denmark. A less visible and deliberate exchange can perhaps be seen overall in the Spanish sectors where social benefits have at least paved the way for industrial peace, but also (perhaps) enhanced flexibility. The difference between the two former countries and Spain is how conscious social partners were about these overall package deals. Nonetheless, the fact that Spanish print employers got little from their wish-list indicates that the package deal logic involved less flexibility and more security, however small the changes actually are. In Spanish electrical contracting, employers seemed more interested in minimising changes altogether and in fact had no wish-list.

Finally, cross-balances between *typical and atypical employment* gave rise to similar outcomes in both the UK and Danish agreements, namely safe-guards for typical employment. This was not the case in Spain, where social partners refer to legislation on these items. However, viewed in the light of how different regulation exists for typical versus fixed-term contracts, it is perhaps no wonder that Spanish collective agreements are mute on the subject. Legislation still protects typical employment; trade unions have no incentive to put additional

provisions in sector level agreements if they can influence legislation in the political arena.

Going back to the UK and Denmark, it is hard to judge whether clauses on protecting employment for typical workers vis-à-vis the use of atypical employment are in fact aiding flexibility or restricting it. It could be argued that by putting some protection from under-cutting standards and over-use of atypical employment, these forms of flexibility are finally accepted. Conversely, it could also be said that the clauses are protecting insiders at the expense of outsiders. In the present study, it remains inconclusive whether these provisions create cross-balances between groups or favour insiders.

However in general, it seems clear that EU-directives and specific provisions for atypical employment have potentially facilitated the use – not abuse – of part-time and fixed-term workers. Of course, compliance to regulations is a precondition for avoiding abuse – which we do not investigate here. Agency workers still lack legal protection in the UK, while this seems to have been established in Denmark by labour tribunal rulings. In Spain, legislation from the 1990s established equal rights for agency workers. Recent European developments on a draft directive will – if implemented correctly – change things across Europe and thus have most notable impact in the UK where regulation has been missing.

8.2 Variation within countries and across sectors

Variation of contribution to flexicurity across sectors is much more modest than across countries, reflecting the continued importance of national welfare state and labour market models. It is therefore hard analytically to detect variation in the types of balances found and we thus limit ourselves to focusing on specific forms of flexibility and security in the following.

Starting with *the UK*, due to the lack of institutional frameworks for collective bargaining, the contribution of collective bargaining to flexicurity is more uneven and more sector-specific. In UK print, especially working time and functional flexibility were pivotal and formed the backbone of employer demands in negotiations. Concerning the former, it reflects the differences between manufacturing and construction industries. Expensive machinery demands machine utilisation and thus working time flexibility. In electrical contracting the 'preferred' form of flexibility is external numerical as employment comes and goes with different building projects. Concerning functional flexibility, print differed from electrical contracting in that demarcations were still in force for the latter. Similarly, social partners in print have focussed to a much larger degree on how to enhance productivity through provisions of full-cost recovery and commitments to improve production processes. While the electrical contracting agreement speaks of this, it only does so in very generic terms. One could detect pressures of international competition in print and the absence thereof in electrical contracting to spur these differences.

Differences between the two UK sectors could also be detected in their way of regulating atypical employment. This is undoubtedly a reflection of the very

diverse situations of atypical employment the two sectors are facing. In print, the use of atypical employment is rather limited and employers have conceded quite a few channels into typical employment through review procedures of local chapels. Much more problematic, electrical contracting has experienced an explosion of 'bogus' self-employment and agency workers who undercut terms and conditions together with qualification levels. Social partners have tried to develop cross-balances between the typical and atypical forms of employment through co-option of the latter but to no avail. It seems that the attractiveness of circumventing collective terms and conditions – and with it the balances of flexibility and security – is substantial enough for both individual workers and the contractors hiring them.

The importance of institutional frameworks for similarity between sectors perhaps becomes most evident in the highly coordinated model of *Denmark*. Here sectors belonging to the LO/DA area receive more or less the same bargaining guidelines from the key bargaining sector, so when negotiated items contribute to new or already existing balances, this is done more or less across all sectors. Examples of this case are negotiation on leave, skills foundations and working time flexibility. Differences between sectors lie in the detail and in customising provisions to sector-specific circumstances like administrative frameworks and also the nature of employment (the two sometimes reflected in each other).

However, a few notable differences do appear between the Danish agreements, albeit in the detail. Firstly, working time flexibility has received considerably more attention in the print bargaining round than in electrical contracting. Similarly to the UK, this revolved around shift working and how to reward it with premia. While not part of a specific flexicurity balance, it shows how the characteristics of the sector influence the bargaining process. In electrical contracting the 'preferred' form of flexibility is external numerical as employment comes and goes with different building projects, while in print it is working time flexibility to a higher degree. Secondly and connected to the point on external numerical flexibility, electrical contracting has slightly shorter notice periods than print which evidently relates to the nature of employment in the sector.

Finally, the wage systems differ between the two sectors as electrical contracting retains a piece-rate system (typical for construction industries) and print uses hourly-wage systems. The flexicurity variation is hard to establish here, although ceteris paribus income security might be considered higher in hourly-wage systems as the income of electricians is more dependent upon employment demand.

The cross-sector variation in *Spain* is limited due to heavy legislative influence on provisions and the relatively narrow bargaining agenda. Moreover, one could suspect that variation would be larger if electrical contracting had its own independent agreement which would allow for more customisation. The difference connected to the nature of employment in the two sectors might therefore

have been visible in the Spanish agreements as they were in the UK and Denmark.

8.3 Preconditions for developing flexicurity

In our analyses, we have detected a strong importance of context – here understood as the general welfare and labour market model – for variation between countries. It was argued that we can distinguish between countries dominated by either legislation, markets or collective bargaining. We have argued that collective bargaining as a form of governance could be superior to legislation in providing flexibility due to the proximity to sectoral needs. In a similar vein, we have argued that collective bargaining is superior to market-based solutions as the inherent power imbalance is countered by organized labour thus providing more security for workers. Indeed, our analyses give evidence to support that collective bargaining to a larger extent than legislation can be customised to the specific needs of employers and employees in sectors. However, as noted in the methodological chapter *we could not 'test' empirically whether collective bargaining is superior to legislation or market-based solutions with regard to providing flexicuirty balances.*

The UK and Denmark share the 'voluntarist' labour market model but have developed distinct collective bargaining structures and traditions over time and especially the last two decades have lead to increased divergence. In fact, *the UK* print and electrical contracting sectors are by most measures 'deviant cases' in a country where collective industrial relations have almost eroded in the private sector. Analytically they represent a critical test bed for the assumed link between collective bargaining and flexicurity. Furthermore, the UK cases somehow constitute a counterfactual analysis as we see how balances of flexibility and security could have been regulated elsewhere, had collective industrial relations not eroded as they have in the UK. From the analysis it seems clear that social partners in UK print have been able to strike numerous balances between flexibility and security – and this without any (formal) coordination across other sectors and without any lead bargaining sector to follow. The importance of institutional backing for reaching certain outcomes was evident around the issue of training – a win-win item, which should usually produce agreement. Without a credible 'push' from the Government – shying away from burdening employers – negotiations in print (electrical contracting did not negotiate on this in the analysed round) led to a sub-optimal solution without strong sanctioning mechanisms. UK print seems to suffer from the often mentioned stumbling block of training linked to fights over placement of costs and avoidance of 'poaching' in the absence of a higher level coordination of training (Estevez-Abe et al. 2001). As such and in congruence with voluntarism, UK social partners still enjoy rather wide autonomy to conclude agreements on a host of flexicurity related issues, but results depend more squarely on the independent abilities of sector level social partners.

While in general this can be said for any collective bargaining system, *Danish* print and electrical contracting form part of a coordinated system where

different levels, arenas and actors interact in organised ways. This makes social partners in our sectors of concern 'receivers' of many decisions from the lead bargaining sector but also indirectly from 'the shadow of hierarchy' when government influences bargaining rounds. Thus, in contrast to the UK example, Danish negotiations on training were coordinated first in tripartite forums, then with a pledge by the government of public funding and lastly with the lead bargaining sector setting up a skills-development foundation. As such, independent bargaining in Danish print and electrical contracting is restricted to the margins and to adapting general provisions, for instance on training and leave, to sectoral conditions. Overall, however, Danish sector level agreements cover a wide range of items thus adding to the possibilities of flexicurity development.

In the state-dominated model of *Spain*, the sector level 'struggles' in competition with alternative levels and arenas of regulation, most notably the national legislative. In addition, provincial agreements exist to further complicate things. The lack of a clear bargaining centre of gravity may add to reduced autonomy since comprehensive bargaining on issues might become 'dead letters' in practice. Thus instead of invigorating the bargaining agenda where this is possible, i.e. through extended bargaining on training and education, social partners rely on the national legislation framework and try to influence the political and tripartite arena. Nonetheless, even though the autonomy of social partners has been restricted and even though social partners were actually not consciously doing so, we could still find traces of flexicurity building in Spanish collective bargaining. Generally it seems that development of flexicurity via collective bargaining can take different paths according to specific contexts.

Besides these contextual preconditions, we have identified additional factors influencing development of flexicurity. Arguably, where both social partners are willing and dependent on reaching an agreement the production of agreements that balance flexibility and security is facilitated by the three dynamics; joint-problem solving, exchanges and package deals. In other words, in sectors where this is not the case, we might expect that the facilitators are less dominant. For example, we have refrained from systematically examining how threats of industrial action affect the production of flexicurity regulation. Interestingly, the Spanish metalworking unions had used strike action as a way to get bargaining in the first place, but whether this facilitated flexicurity balances or not is a different story. Ceteris paribus, one might expect strike action to induce less balanced agreements as strikes less often than not result in problem solving and compromise. Hereby we also argue that production of flexicurity regulation in collective agreements depends on a minimum requirement of *power parity* between social partners. Elsewhere, Houwing (2008) has shown that to some degree trade union strength leads to more security in collective agreements. While power is a difficult concept to grasp or measure, a minimum degree of interdependence and equal force to back up bargaining claims are important preconditions for development of flexicurity. Our interviews support this claim and in a similar vein show that it is difficult to produce balances through threats

or coercion – a finding that mirrors how difficult legislative reforms are without the acceptance of both social partners, as seen for example in France.

Similarly, *mutual trust* between social partners appeared crucial for giving concession on items that might be costly for one party. The compensated trade-off variant of flexicurity is a prime example of when trust becomes important. By making a trade-off where one party's gain is the other's loss, the confidence that this will be compensated somehow is crucial for the trade-off to happen in the first place. These findings mirror research by Ilsøe (2007) and Søndergaard (2007) at company level on how to balance flexibility solutions to the interests of both employers and employees. When agreements can not be forced upon one party (as it seldom can in collective bargaining) trade-offs are therefore quickly dismissed which often result in stalemates if no credible compensation is offered. Trust that parties will receive compensation seems important which relates to the issue of whether the labour market model gives backing to constructive collective bargaining on flexicurity items (see also Huzzard et al. 2004).

Some of our Spanish interviews underline this point by reference to low trust and therefore underdeveloped bargaining agendas. The state-dominated model perhaps plays a role as a stumbling-block for collective agreements that include more items which could contribute further to flexicurity. It could be argued that Spanish trade unions as the weaker party rely more on influencing legislation than on invigorating collective bargaining where employers block additional items on the bargaining agenda. Social partners are in fact free to develop their sectoral alternatives to legislation and sometimes it is indeed legislation that induces collective bargaining as seen for example on Spanish policies related to work-life balance. Nonetheless, due to the low trust between social partners collective bargaining becomes reduced to the very basics and parties to the agreement refrain from advancing to other flexicurity elements. As a comparative EIRO report has suggested, the role of governments in inducing flexicurity strategies between social partners becomes vital (EIRO 2008a).

One could also argue that the agreements in the UK are in a perilous situation due to the lack of a general and coordinated institutional framework. Put differently, collective bargaining in general (and with it development of flexicurity) depends to a high degree on the continued mutual trust and power parity of social partners to seek negotiated solutions. Once these preconditions disappear, there is no institutional backing to withstand the erosion of sector level bargaining that has happened elsewhere in the UK economy.

The Danish sectors on the other hand forms part of a coordinated IR system that produces outcomes with socio-economic consequences for the whole economy. As such, social partners can more easily trust each other as bargaining relations are firmly put into stable structures. While nothing is forever (certainly falling union density rates and increasing decentralisation could change the Danish model) this should make collective bargaining – and thus its contribution to flexicurity – more robust.

8.4 The importance of facilitators in negotiations processes

Based on interview data, the tracing of negotiation processes revealed that to some extent production of flexicurity balances followed the dynamics proposed by our analytical facilitators. To reiterate, the first three facilitators concerned mechanisms by which social partners reach agreements that should take into consideration both flexibility and security. These were: joint problem solving, (specific) exchanges and (general) package deals. Analytically, it was hard to make distinctions between the three facilitators but the following examples were regarded as quite clear evidence of the proposed mechanisms in collective bargaining.

The examples of *joint problem solving* between social partners were few but are worth underlining as this way of decision-making perhaps represents best what flexicurity proponents encourage policy-makers to pursue. In UK print, the Partnership Agreement – almost as a function of its name – gave rise to a couple of examples of joint problem solving where flexibility and security were balanced. A case in point is the reform of print sick pay where introduction of the Bradford system facilitated both sick pay increases and controls over absence. Other issues included shift-working, sick pay and local bargaining on working time. This was possible through customisation of regulation to mutual concerns together with respect of individual interests and social partners in the UK print sector thus seemed more interested in production of solutions than on distribution of value. As stated in the theoretical chapter this facilitator is contingent upon joint problem identification and in that regard the UK social partners in print were helped by a process of focus groups, surveys and the partnership approach in the joint review body. This is probably why both Danish and UK respondents referred to this facilitator more often than their counterparts in electrical contracting. In Spain, there were no references made to this facilitator.

Concerning *exchanges*, a prevalent example hereof in all countries was assurances on pay as a compensation to increase flexibility in general. Especially on working time flexibility, the use of enhanced premia as a side-payment facilitated agreements in all countries. Although we do not conceive this as being flexicurity as such, it is an important exchange feeding into the flexibility of agreements. In Denmark it can be argued that enhancements of benefits, like the free-choice account, were introduced to sweeten the agreement in general without forming part of a specific exchange.

A clearer example of a potential win/win flexicurity, the framework character of agreements seems to constitute an inherent exchange between wage flexibility and income security. Moreover, confidence that local workers will receive adequate pay rises seems to make unions accept this decentralisation and thus flexibility of wages. Similarly, an exchange between working time flexibility and combination security seems to have facilitated a potential win/win pay-off through the framework regulation of working time. However, as noted in the analysis this win/win pay-off is highly contingent upon local/individual circumstances.

Concerning *package deals*, some items simply got into the agreement by way of almost silent acceptance of the other party, perhaps to get the overall package through. In other words, the flexicurity balances were achieved more or less unconsciously. Thus, even where specific side-payments and joint problem solving were dominant, the whole agreement depended on the package being accepted by all parties. So when looking at the totality of flexicurity balances we cannot ignore that to a large extent collective agreements constitute an ensemble of bargaining items that need final acceptance and thus cannot be seen in isolation.

A good example of this is the UK print sector, where while many items were negotiated separately, nothing was agreed until everything was agreed. Arguably, this meant that some flexicurity balances, like the one concerning full cost recovery (functional flexibility and employment security), were silently accepted as part of a general package. In UK electrical contracting, the logic of package deals was at play in a different way since old provisions are simply renewed round after round as it is practically only wage bargaining that is still active. Here new agreements are contingent upon social partners accepting the old provisions over and over again. The flexicurity balances inherent in the agreement could therefore be argued to form part of a package deal, albeit a special case.

In Denmark, the role of the lead bargaining sector can not be overstated when speaking of package deals and social partners in print and electrical contracting merely had to adjust provisions to make them fit. Social partners in small Danish sectors like printing and electrical contracting have great incentives to produce agreements and thereby avoid the general proposal by the public conciliator. Thus they accept the package in the face of an inferior alternative.

Thus it seems plausible from interviews that the dynamics of package deals should be regarded as facilitating final agreement when exchanges have been made or have run into a deadlock. The actors involved then ‘calculated’ the overall costs and benefits of the agreement and the alternative costs of not reaching one, e.g. strike, public conciliator.

Nowhere, however, was the dynamic of package deals more apparent than in Spain, where social partners had a whole different understanding of flexicurity than the one promoted here. This is not to say that Spanish social partners did not deal with forms of flexibility and security, but it reveals that the logic underlying our facilitators was not present in negotiations. Furthermore, the Spanish analysis revealed that social partners were rarely involved in single-item exchanges between flexibility and security. Rather, the dynamic was one of package deals that took a (very) little bit from the employers wish list and coupled it with trade union wishes. Spanish negotiations as such were more focused on the basics of collective bargaining: getting a wage deal and ensuring industrial peace together with a steady labour supply for the duration of the agreement.

In sum, the analysis of sector level bargaining processes has revealed that development of flexicurity has followed the logic of our facilitators. However, *it*

has not been possible to order the facilitators according to which one is more likely to lead to balanced outcomes and the different dynamics are indeed completely capable of co-existing in actual bargaining processes.

9 Conclusion

Flexicurity studies have often made reference to an apparent link between collective bargaining and development of regulation that fosters a balance between labour market flexibility and security. Following the above comparisons, we arrive at our overall conclusion to the research question which was as follows:

'To what extent and how are collective bargaining and agreements at sector level contributing to balances between labour market flexibility and security?'

By comparing sector level bargaining in print and electrical contracting in the UK, Denmark and Spain this study can – with due reservations – confirm and nuance the proposed link between collective bargaining and flexicurity. Our analyses have shown numerous examples of collective bargaining and agreements contributing to development of flexicurity by either supplementing or legally deviating from statutory regulation and filling in where it is absent. Thus generally speaking, *sector level bargaining in the UK, Denmark and Spain procure win/win pay-offs and compensated trade-offs between labour market flexibility and security* and we can give an affirmative, albeit provisory, answer to the research question. Naturally, we have found collective agreements to contribute strongly to internal flexicurity, while external flexicurity is largely left to statutory provisions and schemes.

A general positive contribution to flexicurity appeared in all three countries despite the very different contexts for collective bargaining. However, we did find variation between the countries which should be seen in relation to the welfare state and labour market models.

In general, *the voluntarist countries, the UK and Denmark, give considerably more autonomy and therefore scope for collective bargaining on flexicurity items.* Thus social partners in these two countries have to a larger extent succeeded in designing balanced agreements than their Spanish counterparts. In the UK, due to the lack of any coordinated IR system, the specific bargaining capabilities of sectoral social partners are key to flexicurity 'successes'.

This is less the case in Denmark where the sectors are interwoven in a coordinated bargaining system in which social partners at national level take on a broad range of macro-economic and welfare state related responsibilities.

In Spain, legislation dominates regulation which diminishes bargaining autonomy and reduces the items onto which flexicurity balances can be created. However, *even in Spain (sometimes unconsciously) balances have been created in collective agreements*.

Although we identified some differences across sectors and within countries these were much less pronounced than differences across countries. This underlines the importance of national institutions and ways of regulating labour markets. Again, we can not conclude that a system dominated by collective bargaining (Denmark) is superior to a state-dominated (Spain) or market-dominated

model (UK) regarding delievery of flexicuirty balances through collective bargiaing.

Tracing of negotiation processes, moreover gives empirical backing to the causal mechanisms of *joint problem solving, exchanges* and *package deals* in collective bargaining that facilitate these flexicurity outcomes. The latter facilitator was most in evidence which underlines that flexicurity development is not necessarily a conscious and deliberate action on the part of social partners.

Furthermore, we pointed to two preconditions that aid flexicurity development. In the sectors that were most successful in balancing flexibility and security, *mutual trust* and *power parity* seemed to characterise bargaining relations. Conversely, sectors that lacked these preconditions were not as innovative in their ways of balancing flexicurity related items.

9.1 Discussion of conclusion

Comparative studies such as this report in the main seek to explain relationships between conditions on the basis of careful case-selection giving the variation needed on key variables. The case selection and research design should allow the researcher to infer causal patterns on what the sufficient and/or necessary conditions for a certain outcome are (Ragin 1987).

Is the existence of collective bargaining *sufficient* for development of flexicurity? A provisory answer would be yes. All our six cases give evidence – of course to varying degrees as noted above – that sector level bargaining procures balanced outcomes of flexibility and security. Moreover, the process-tracing uncovering the causal mechanisms for these outcomes seem plausible and backed by empirical evidence. However, it would be erroneous to make such a strong inference.

Firstly, while much effort has been put in the conceptualisation of an operational definition of flexicurity in this study, *flexicurity as an analytical concept still remains contestable and this weakens the validity* of the study. As we have only investigated formal regulation, we can not be sure that the espoused win/win pay-offs and compensated trade-offs are in fact balancing flexibility and security in practice. Indeed, this is a problem for flexicurity research in general and one which relates to the link often missing between second layer (formal regulation) and third layer (labour market outcomes) flexicurity.

Secondly, we fully concede that the contribution of *collective bargaining is by and large restricted to internal flexicurity* whereas external flexicurity is mainly provided in legislation. Thus if one believes that the relevant aspects of flexicurity lie in the ability of provisions to foster labour market mobility, then collective bargaining is less pertinent for the concept. Indeed, one might ask if a narrow conceptualisation of flexicurity would make the above analysis obsolete. We do not think this is warranted as in-work flexicurity is just as relevant when studying labour markets. But we do concede that one of the key reasons for the interest in flexicurity has been the apparent link between strong external flexicurity and high labour market mobility for example in a country like Denmark.

Thirdly, it is *hard to infer sufficiency of collective bargaining when the study has only included two sectors in three countries*. Arguably, more cases of sector level bargaining in more countries should be made to attempt disproval of the contribution to flexicurity. However, this study shows that not all sector level bargaining and agreements contribute to flexicurity evenly and that we need to look for additional conditions like mutual trust and power parity since collective bargaining in not sufficient by itself. We have also mentioned contextual factors such as the role of states and procedural frameworks which for their part feeds into both trust and power issues. Finally, the market and technology – also included in this study – has an impact on the strategies of social partners and we find that cross-sectoral differences in flexicurity development can in part be explained by differences in the nature of work organisation and employment. Together, these factors might guide further empirical studies that include more countries and more sectors.

Is the existence of collective bargaining *necessary* for development of flexicurity? Again, the issue of validity connected to the flexicurity concept poses problems for inference. But there are also other troubles stemming from case selection. Mill's indirect method of difference provides a well-known and more sophisticated procedure for inferring causality in case-studies than the method of agreement (Ragin 1987). By looking at the presence and absence of two conditions – the independent and dependent variable – the hypothesised link can be established. Thus the comparative design should ideally include enough cases to allow for variation on the independent variable, i.e. existence and non-existence of collective bargaining at sector level, with the aim of checking whether there is congruence with the proposed development of flexicurity and collective bargaining at sector level. If all cases with no sector level bargaining did not exhibit flexicurity (however defined), then inference could be made (provisory) about the necessity of collective bargaining. Ideally, the researcher should establish whether either national policies and/or company level policies equivalent to provisions in sector level agreements procured the same win/win pay-offs and compensated trade-offs found in the sectors covered in order to infer about necessity. However, the study did not include sectors without collective bargaining at sector level although this was the original intent of the authors.

Fourthly, to some extent this study *has relied on the interpretation of how formal regulations* constitute balances and how collective bargaining processes have facilitated this. This is mainly our own interpretation as we have not investigated the actual practice in the sectors. As in any interpretative study, we are left with the somewhat unsatisfactory limit to the reliability of this method (Bryman 2001). In other words, it is not certain that other researchers at different times would reach the same conclusions as in this report. Nonetheless, given the lack of any coherent theory and method of flexicurity studies, the systematic exploration and interpretation in this study are important first steps to build a more reliable approach.

Finally and of outmost importance, we consider whether our case findings are *general* for our countries. In other words, can we generalise findings to other sectors in the UK, Denmark and Spain.

Concerning the UK, print and electrical contracting are unquestionably 'deviant cases' that constitute exceptions to the rule that terms and conditions in UK employment are determined in the absence of collective bargaining. Admittedly, single-employer bargaining does still exist in the private sector, but sector level bargaining can in fact almost be restricted to our chosen sectors. As such, the UK analysis proves that even in a hostile environment, collective bargaining can actually deliver flexicurity outcomes that benefit both parties to the employment relationship.

The opposite is true in Denmark, where coordination is strong between sector level bargaining that by and large covers most of the private sectors. In other words, the findings on Denmark can be generalised to a high degree to the rest of the Danish labour market – at least in the LO/DA area.

It is hard to determine the ability to generalise of the Spanish cases, as Spanish industrial relations is highly fragmented between a multitude of bargaining levels and centres. A cautious guess would be that the overall significance of legislation bears heavily on any sector in Spain thus contributing to homogeneity. However, due to fragmentation each level could develop different solutions which contribute to heterogeneity.

In sum, we need to infer conclusions from our study with caution. *Yes,* collective bargaining can be a sufficient condition for development of flexicurity regulation, but probably only when other preconditions in the context and in bargaining relations are satisfied. *No,* we can not infer that collective bargaining is necessary as alternative regulation mechanisms might procure the same kinds of balances. Our findings can be *generalised to different degrees* depending on countries. In the UK, findings are exceptions to the rule; in Denmark they can be generalised widely and in Spain we simply need more information on each sector.

In sum, we find that our study has produced valuable insights into a hitherto omitted research question, but we also acknowledge that more studies are needed to reach a deeper understanding of the link between collective bargaining and flexicurity.

9.2 Perspectives – for research and policy development

This section points to important avenues for future research if we wish to understand how flexicurity is developed. Moreover, we reflect on the continued relevance of the concept in light of the current economic climate.

Building on the above discussion of findings there are several avenues that we find essential if the understanding of flexicurity can progress. Firstly, we need more cases, i.e. *analytical scope,* to procure more variation on the independent variable and ways to include sectors with no sector level bargaining should be devised. This poses serious conceptual and operational problems on how to investigate and compare flexicurity in economic areas where different

forms of regulation dominate, for example legislation and markets versus provisions in collective agreements. Indeed, such a study would require gathering and analysing data on company level practices. This is not an impossible endeavour and other studies have used this type of data in flexicurity studies (Chung 2007; Klindt & Møberg 2007).

Secondly, while more cases might be needed to make inference about the necessity of collective bargaining, more *analytical depth* is needed to account for the complex causal patterns leading to the development of flexicurity in rule-making processes. This has been attempted in case studies at workplace level (Søndergaard 2007; Ilsøe 2007), but could equally apply to all levels and forms of rule-making. Tracing processes seems a way forwarded here. Future research should, however, be very careful about viewing development of flexicurity as a deliberate strategy (Madsen 2005). Indeed, this study has stressed that flexicurity might not have been the deliberate aim of negotiations.

Thirdly, for flexicurity studies to evolve into a coherent research field further *conceptual refinement* of the dependent variable is needed. This study has employed a focus on formal regulation and four types of flexicurity balances, but we need deeper knowledge on how regulation actually affects practice in labour markets. In that regard, it would be helpful to have a micro-level theoretical foundation of how regulation affects employers and employees. This could give value to claims made about the positive effects of flexicurity on macro-economic performance. In other words, we need to know how and why balances of flexibility and security lead to improved performance. In this regard, focus on enhancement of labour market mobility due to strong external flexicurity seems promising (Bredgaard et al., 2007b). And more squarely related to this report, does strong internal flexicurity lead to improved labour market performance?

The last point reminds us that flexicurity is by no means restricted to either internal or external forms of security and flexibility. Future research should not neglect the multiple dimensions of flexicurity and should remain attentive to the possible interactions of internal and external forms of flexicurity (Bredgaard, Larsen, & Madsen 2007a; Nielsen 1999). We still need to know whether and how different forms of flexibility complement or substitute each other and if combinations with security change this.

Will flexicurity continue to receive attention in politics and research communities as national economies face increasingly difficult times? Much depends on whether flexicurity model countries like Denmark and the Netherlands prove economically resilient or weak in a context of major economic restructuring and hardship. Undoubtedly, the interest of policy-makers resides in discernable labour market performance and its proposed link to balances of labour market flexibility and security. If performance falls short of expectations, then interest might wither away.

It is telling that the European Commission has somewhat toned down its focus on Danish flexicurity as the model to copy once it was realised that the preconditions for such a system are unfeasible elsewhere. Already, calls for *policy*

learning have been moderated as sensitivity to national circumstances has been invoked. As with other fads in the quest for a common direction for the European welfare and labour market model, flexicurity might suffer from a lack of transferability.

Similarly, the economic recession will also have significant ramifications for the types of balances identified in this study and it will be interesting to see if the outcomes of collective bargaining will change due to company hardships. A hypothesis could be that social partners will come under increasing pressure to deliver solutions favouring flexibility over security to foster competitiveness as has been the case during past economic crises. This could jeopardise the balances studied above. To a large extent the resilience of flexicurity rests with the actors involved and their willingness to seek long-term solutions.

Furthermore, the present recession brings to light the winners and losers of various flexicurity models. By this we mean that different groups might suffer more hardship than others within different labour market regulations. Are agency workers for example equipped to face the challenges of competition from typical workers who have been made redundant or will the latter group crowd-out the former? Are active labour market policies effective in facilitating job shifts and are the new jobs up to par with the old ones on terms and conditions? Evidently, crisis puts labour market regulation to the test and the flexicurity recipe might quickly fall out of fashion if performance falls behind.

Appendices

Table 15: Summary table for UK Print

Substantive issue	**Main provisions and relationship to legislation**	**Flexicurity dimensions and directions**	**Type of balance**	**Process in negotiations**
Pay	Framework agreement on basic rates Opportunities to vary wages upward at company level	*Income security* (+) *Wage flexibility* (upwards) (+)	*Win/win pay-off* **FC**	Exchange
	Procedural framework for downward deviations due to company hardship	*Wage flexibility* (downwards) (+) *Income security* (-) *Employment security* (+)	*Compensated trade-off* **FC**	Exchange
Working time	Basic limits on standard working week (48 hour) + individual opt-out Negotiated reference week of 52 weeks	*Working time flexibility* (+) *Combination security* (+/-)	Un-/*Compensated trade-off* or *win/win pay-off* Depends on local agreements on working time	Negotiated in the shadow of legislation Option of negotiated extension of reference period used
	Extensive shift work patterns Generous shift premia	*Working time flexibility* (+) *Combination security* (-/+) Compensated with shift premia	Un-*Compensated trade-off*	Joint-problem solving/exchange
	Arrangement of working time a managerial prerogative Subject to consultation with chapel Notice rules for shift work	*Working time flexibility* (+) *Combination security* (+)	*Win/win pay-off* **FC** Depends on local agreements on working time	Joint problem solving
Job demarcations and productivity	Removal of job demarcations Wage rate guarantees	*Functional flexibility* (+) *Income security* (+)	*Win/win pay-off* **FC**	Joint problem solving/Exchange
	Managerial prerogative on manning and productivity enhancing measures Consultation with chapel No redundancies because of *functional flexibility*	*Functional flexibility* (+) *Job security* (+) *External numerical flexibility* (-)	*Compensated trade-off* **FC**	Exchange

	Full cost recovery for collective agreements	*Functional flexibility* (+) *Income security* (+) (Cost containment (+)) (*Employment security* (+))	*Win/win pay-off* **FC**	Exchange/part of the package
Training	0,5 % of payroll on learning and skills - no compulsive measures	*Functional flexibility* (+) *Employment security* (+)	Potential *lose/lose pay-off* due to under-investment (?)	Shadow of hierarchy
	Involvement of chapels in learning and skills plans	*Functional flexibility* (+) *Employment security* (+)	*Win/win pay-off* **FC**	Joint problem solving
Social benefits and entitlements	Extension and increase of sick pay Introduction of Bradford system	*Income security* (+) *Employment security* for employers (+) (Cost containment (+))	*Win/win pay-off* **FC**	Joint problem solving
	Unions tried to get above statutory levels of paid leave	*Combination security* (+) (Cost containment (-))	Un-*compensated trade-off*	Non-agreement
Provisions for atypical employment	Equal treatment for part –time and fixed term employees	*Income security* (+) *Job security* (+) *Working time flexibility* (+) *External numerical flexibility* (+)	*Win/win pay-off* **FC**	Shadow of legislation
	Recommendation of equal treatment for agency workers Companies should only use reputable agencies	*Income security* (+) *External numerical flexibility* (+)	Potential *win/win pay-off*	Part of overall package (non-compulsory provision)
	Review by chapel to offer permanent employment for temporary workers after six months consecutive service (non-compulsory)	Employment/*job security* (+) (*Income security* (+) due to eligibility)	Un-*compensated trade-off*	Joint problem solving
	Review by chapel to offer permanent employment for agency workers after three months consecu-	Employment/*job security* (+)	Un-*compensated trade-off*	Joint problem solving

	tive service (non-compulsory)			
	Use of fixed term and agency workers only in peaks No redundancies of typical employee	*External numerical flexibility* (+/-) *Job security* (+) for typical employees	*Compensated trade-off* or Insider-outsider problem	Exchange

FC = flexicurity balance (*compensated trade-off* including both flexibility and security or pure win-win situations).

Table 16: Summary table for UK Electrical Contracting

Substantive issue	**Main provisions and relationship to legislation**	**Flexicurity dimensions and directions**	**Type of balance**	**Process in negotiations**
Pay	Framework agreement on basic rates Opportunities to vary wages at company level	*Income security* (+) *Wage flexibility* (upwards) (+)	*Win/win pay-off* **FC**	Exchange
Working time	Opportunities to vary working time at company level	*Working time flexibility* (+) *Combination security* (+/-)	Un*compensated trade-off* or *win/win pay-off* Depends on local agreements on working time	*Not part of 2007 negotiations*
Notice periods and *external numerical flexibility*	No additional notice periods	*External numerical flexibility* (+) *Job security* (-)	Un*compensated trade-off*, but should be seen in connection with external flexicurity	*Not part of 2007 negotiations*
Job demarcations and productivity	Job demarcations have been kept	*Functional flexibility* (-) *Income security* (+)	Un-*compensated trade-off* Risk of insider/outsider problem	Non-agreement
Training	Comprehensive training and skills provision system governed by JIB	*Functional flexibility* (+), depending on relevance for company *Employment security* (+)	*Win/win pay-off*, but being undermined by 'bogus self-employment' **FC**	Not part of agreement
Social benefits and entitlements	Sick pay	*Income security* (+) (Cost containment (+))	Un*compensated trade-off*, but perhaps part of package deal to compensate for flexibility	*Not part of 2007-negotiations*
	Bereavement and death benefit	*Income security* (+) *Combination security* (+)	Un*compensated trade-off*, but perhaps part of package deal to compensate for flexibility	*Not part of 2007-negotiations*
	Above statutory rights to paid holiday (30 days)	*Income security* (+) *Combination security* (+)	Un*compensated trade-off*, but perhaps part of package deal to compensate for flexibility	*Not part of 2007-negotiations*

Provisions for atypical employment	Provisions attempting to co-opt agency-work and 'bogus self-employment' under JIB rules (dead letter) Protection of typical employment	*External numerical flexibility* (-) *Working time flexibility* (-) *Functional flexibility* (?) *Income security* (+) *Combination security* (+) *Employment security* (?) *Job security* (+) for typical employment *Employment security* (-) for atypical employment	Blurry picture Provisions are dead letter and do not secure rights for atypical workers as 'bogus self-employment' is highly prevalent Provisions seem to stress protection of typical employment without succeeding in co-opting atypical employment	*Not part of 2007-negotiations*

FC = flexicurity balance (*compensated trade-off* including both flexibility and security or pure win-win situations).

Table 17: Summary table for Danish Print

Substantive issue	**Main provisions and relationship to legislation**	**Flexicurity dimensions and directions**	**Type of balance**	**Process in negotiations**
Pay	Framework agreement on basic rates Opportunities to vary wages at company level	*Income security* (+) *Wage flexibility* (upwards) (+)	*Win/win pay-off* **FC**	Exchange in the shadow of key bargaining sector
	A-la carte option between paid vacation or enhanced pension contributions	*Income flexibility* (+) *Combination security* (+)	Un-*compensated trade-off*	Part of package
Working time	Deviations from provisions possible by local agreement (trial scheme) but with max. of 45 h./week	*Working time flexibility* (+) *Combination security* (+/-)	Un-/*Compensated trade-off* or *win/win pay-off* Depends on local agreements on working time	Negotiated in the shadow of legislation Influence from key bargaining sector
	Local agreements makes extensive shift working possible Enhanced shift premia	*Working time flexibility* (+) Cost containment (+); because of reductions in overtime	Un-compensated trade-off (note however shift premia)	Exchange in the shadow of lead bargaining sector
Job demarcations and productivity	Job demarcations have been kept	*Functional flexibility* (-) *Income security* (+)	Un-*compensated trade-off* Risk of insider/outsider problem	Non-agreement
Training	Skills-development foundation giving right to 2 weeks/year chosen training/education Tops up 2 weeks already given	*Functional flexibility* (+), depending on relevance for company *Employment security* (+)	*Win/win pay-off* **FC**	Influence from lead bargaining sector Shadow of legislation Adapted to sector
	Rights to re-training in case of redundancy	*External numerical flexibility* (+) *Job security* (-) *Employment security* (+)	*Compensated trade-off* **FC**	*Not part of 2007-negotiations*
Social benefits and entitlements	Sick pay supplement to public allowance	*Income security* (+) (Cost containment (+))	*Compensated trade-off* **FC**	*Not part of 2007-negotiations*

	Paid parental leave extended to a total of 52 weeks	*Income security* (+) *Combination security* (+)	Un-*compensated trade-off*	*Not part of 2007-negotiations*
	A-la carte option between paid vacation or enhanced pension contributions	*Income flexibility* (+) *Combination security* (+)	Un-*compensated trade-off*	Influence from lead bargaining sector and part of package
Provisions for atypical employment	Equal treatment for part–time and fixed term employees	*External numerical flexibility*(+) *Working time flexibility* (+) *Job security* (-), for fixed term workers *Income security* (+) *Combination security* *Employment security*, through rights to training (+)	*Compensated trade-off* **FC**	Shadow of legislation Stipulated in LO/DA agreements implementing EU-directives
	No special provisions for accumulation of seniority	*Income security* (-) *Employment security* (-) *Functional flexibility* (-)	*Lose/lose pay-off*	Not raised in negotiations
	No special provisions for agency workers	-	-	Not raised in negotiations *Due to labour tribunal rulings on 'area principle', trade unions feel comfortable that agency workers are guaranteed equal treatment*
	Limitations on use of part-time and fixed-term workers Protection of typical employees	*Working time flexibility* (-/+) *External numerical flexibility* (-/+) *Job security* (+) for typical employees	*Compensated trade-off* or Insider-outsider problem	*Not part of 2007-negotiations*

FC = flexicurity balance (*compensated trade-off* including both flexibility and security or pure win-win situations).

Table 18: Summary table for Danish Electrical Contracting

Substantive issue	**Main provisions and relationship to legislation**	**Flexicurity dimensions and directions**	**Type of balance**	**Process in negotiations**
Pay	Framework agreement on basic rates Opportunities to vary wages at company level	*Income security* (+) *Wage flexibility* (upwards) (+)	*Win/win pay-off* **FC**	Exchange in the shadow of key bargaining sector
	A-la carte option for employees between paid vacation or enhanced pension contributions	*Income flexibility* (+) *Combination security* (+)	Un-*compensated trade-off*, however part of package to enhance *working time flexibility*	Part of package in the shadow of key bargaining sector
Working time	Deviations from provisions possible by local agreement (trial scheme) but with max. of 46 h./week)	*Working time flexibility* (+) *Combination security* (+/-)	Un-/*Compensated trade-off* or *win/win pay-off*, potentially compensated by increased social benefits Depends on local agreements on working time	Negotiated in the shadow of legislation Influence from key bargaining sector
	Local agreements makes extensive shift working possible Enhanced shift premia	*Working time flexibility* (+) Cost containment (+); because of reductions in overtime *Combination security* (+/-) Compensated with higher shift working premia	*Win/win pay-off* or un*compensated trade-off* Depends on local work-life balance	Exchange in the shadow of lead bargaining sector
Notice periods and *external numerical flexibility*	Short notice periods depending on seniority	*External numerical flexibility* (+) *Job security* (-),	Un*compensated trade-off*, but should be seen in connection with external flexicurity	*Not part of 2007 negotiations*
Job demarcations and productivity	No job demarcations in agreement	*Functional flexibility* (+) *Employment security* (+)	*Win/win pay-off* **FC**	*Not part of 2007 negotiations*
	Effective certification monitoring system	*Income security* (+) for insiders Job/*employment security* for insiders (+) Job/*employment security* for outsiders (-)	*Uncompensated trade-off* (for insiders) Risk of insider/outsider problem	Not part of Agreement

Training	Skills-development foundation giving right to 2 weeks/year chosen training/education Tops up 2 weeks already	*Functional flexibility* (+), depending on relevance for company *Employment security* (+)	*Win/win pay-off* **FC**	Influence from lead bargaining sector where *working time flexibility* was exchanged Shadow of legislation Adapted to sector
Social benefits and entitlements	Sick pay Work related injuries and illnesses now covered	*Income security* (+) (Cost containment (+))	*Compensated trade-off* **FC**	Exchange
	Paid parental leave extended to a total of 52 weeks with option of distributing between parents	*Income security* (+) *Combination security* (+)	Un-*compensated trade-off*, but could be seen as part of overall compensation for increased *working time flexibility*	Influence from lead bargaining sector and part of package
	A-la carte option for employees between paid vacation or enhanced pension contributions	*Income flexibility* (+) *Combination security* (+)	Un-*compensated trade-off*, but could be seen as part of overall compensation for increased *working time flexibility*	Influence from lead bargaining sector and part of package
Provisions for atypical employment	Equal treatment for part–time and fixed term employees	*External numerical flexibility*(+) *Working time flexibility* (+) *Job security* (-), for fixed term workers *Income security* (+) *Combination security* *Employment security*, through rights to training (+)	*Compensated trade-off* **FC**	Shadow of legislation Stipulated in LO/DA agreements implementing EU-directives
	No special provisions for accumulation of seniority	*Income security* (-) *Employment security* (-) *Functional flexibility* (-)	*Lose/lose pay-off*, but the same as for typical employment due to the transient nature of electrical contracting	Not raised in negotiations
	No special provisions for agency workers	-	-	Not raised in negotiations

				Due to labour tribunal rulings on 'area principle', trade unions feel comfortable that agency workers are guaranteed equal treatment
	Limitations on use of part-time and fixed-term workers Protection of typical employees stemming from certification system	*Working time flexibility* (-/+) *External numerical flexibility* (-/+) *Job security* (+) for typical employees	*Compensated trade-off* or Insider-outsider problem	*Not part of 2007-negotiations*

FC = flexicurity balance (*compensated trade-off* including both flexibility and security or pure win-win situations).

Table 19: Summary table for Spanish Print

Substantive issue	**Main provisions**	**Flexicurity dimensions and directions**	**Type of balance**	**Process in negotiations**
Pay	framework agreement on basic rates opportunities to vary wages at company level	*income security* (+) *wage flexibility* (+) *wage flexibility* (+)	*compensated trade-off* **FC** *uncompensated trade-off*	exchange (unintended) exchange (unintended)
Working time	shortening of working time/ extension of bargaining period shift work/wage supplements	combination security (+) time flexibility (+)	*compensated trade-off* *compensated trade-off*	exchange exchange
Notice periods and job protection	short trial periods for technical and managerial staff (2 months)	*job security* for insiders (+). employment security for outsiders (-)	uncompensated trade- off	part of overall package
Job demarcations and productivity	redesign of classification system/de facto wage increase	functional flexibility (+)	?	exchange (unintended)
Education and training				
Social benefits etc.	accumulating hours for breastfeeding leave under special circumstances sickness pay	combination security (+) combination security (+) *income security* (+) combination security (+) *income security* (+)	*uncompensated trade-off* *uncompensated trade-off* *uncompensated trade-off*	exchange in the shadow/copy of legislation exchange in the shadow/copy of legislation exchange in the shadow/copy of legislation
Provisions for atypical workers				

FC = flexicurity balance (*compensated trade-off* including both flexibility and security or pure win-win situations).

Table 20: Summary table for Spanish Electrical Contracting

Substantive issue	**Main provisions**	**Flexicurity dimensions and directions**	**Type of balance**	**Process in negotiations**
Pay	framework agreement on basic wage rates	*income security* (+) *wage flexibility* (+)	*compensated trade-off* **FC**	exchange (unintended)
	opportunities to vary wages at company level	*wage flexibility* (+)	*uncompensated trade-off*	exchange (unintended)
	equalising bonuses across qual. levels	*wage flexibility* (-)	*uncompensated trade-off*	exchange (unintended)
	bonus of permanence (seniority)	*wage flexibility* (+)	*uncompensated trade-off*	exchange (unintended)
Working time	Annualised hours	working time flexibility (+)	*uncompensated trade-off*	exchange (unintended)
	shortening of working time/ extension of bargaining period	combination security (+)	*compensated trade-off*	exchange (unintended)
	pool of hours (8) for non-specified use	time flexibility (+) comb security (-)	*compensated trade-off* **FC**	exchange
Notice periods and job protection	short trial periods for technical and managerial staff (2 months)	*job security* for insiders (+). employment security for outsiders (-)	uncompensated trade- off	exchange (unintended)
Job demarcations and productivity	redesign of classification system/de facto wage increase	functional flexibility (+)	?	exchange (unintended)
Education and training	-	-	-	-
Social benefits etc.	Conditions for paid leave	comb security (+) *income security* (+)	*uncompensated trade-off*	exchange in the shadow/copy of legislation
	sickness pay	comb security (+) *income security* (+)	*uncompensated trade-off*	exchange in the shadow/copy of legislation
Provisions for atypical workers	-	-	-	-

FC = flexicurity balance (*compensated trade-off* including both flexibility and security or pure win-win situations).

Table 21: List of respondents

Country	Sector	Name & position of respondents	Organisation	Time
UK	Print	Andrew Brown (Corporate Affairs Director)	British Print Industries Federation	10 September 2008
		Tony Burke (Assistant General Secretary)	UNITE the Union	19 August 2008
	Electrical contracting	Alex Meikle (Head of Employee Relations) & Steven Brawley (Employee Relations Advisor)	Electrical Contractors' Association - ECA	9 September 2008
		Tom Hardacre (Lead Officer of Construction)	UNITE the Union	19 September 2008
		Neal Evans (Research Officer)	UNITE the Union	10 September 2008
Denmark	Print	Bjarne Nielsen (Vice-Director)	HK Privat	18 September 2008
		Lars Bram (Director)	Grafisk Arbejdsgiverforening	1 September 2008
		Peter Andersen (Negotiation Secretary)	Fælles Fagligt Forbund - 3F	3 September 2008
	Electrical contracting	Jørgen Juul Rasmussen (Director)	Dansk Elforbund - DEF	11 September 2008
		Ole Tue Hansen (Union Secretary) & Jens-Olav Pedersen (Vice-Director)	Dansk Elforbund - DEF	17 September 2008
		Thorkild Bang (Vice-Director) & Bent Lindgren (National Officer)	Tekniq	24 September 2008
Spain	Print	Joaquina Rodriguez	Comisiones Obreras - CCOO. Federación de Comunicación y Transporte	26 September 2008
		José Ramón Castañon (General Secretary)	Unión General de Trabajadores – UGT. Federación de Servicios	29. September 2008
		Jesús Alarcón Fernandez (General Secretary)	Asociación Empresarios Artes Graficás Madrid - AGM	29 September 2008
	Electrical Contracting (Metal) national level	José Luis Vicente (Director of the juridical department)	Confemetal	26 september 2008
		Jesús Ramos (Secretary of union action)	Comisiones Obreras – CCOO. Federación Minerometalúrgica	29 september 2008
	Electrical Contracting (Metal) province level, Madrid	Antonio Torres (Coordinator of union action) y Raquel Marquez (assistant)	Comisiones Obreras – CCOO. Federación de Metal (Madrid)	30 september 2008
		Clemente de la Casa (Political Secretary)	Unión General de Trabajadores – UGT. Federación de Metal, Construcción y Afines	30 september 2008
		Sánchez Fresneda (Assessor)	Asociación de Empresarios del Metal de Madrid – AECIM	30 september 2008

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