*Collective bargaining towards mutual flexibility and security goals in large internationalized companies - Why do institutions (still) matter?*

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***Abstract***

*This paper examines the potential of collective bargaining to generate mutually advantageous flexibility and security outcomes at firm level. By focusing attention on actors’ negotiating capacity at sites in Denmark and Italy of four large chemical-pharmaceutical companies, it provides a nuanced, comparative explanation. The findings demonstrate that, across countries, differences in actors’ capacity and negotiated outcomes are attributable to the stability and depth of collective bargaining institutions. Within country differences are accounted for by the organizational resources (internal democracy, external links and pro-activity) of local trade unions, which condition their capacity to induce management to negotiate outcomes which benefit both parties.*

Keywords: Flexibility and Security, Power Resources, Collective Bargaining

**1. Introduction**

By exploring the role of collective bargaining (CB) in addressing flexibility and security in large, internationalized companies, recent studies demonstrate that the ability of social actors to pursue their interests in ways which translate into mutually advantageous outcomes is shaped by both institutional arrangements and firm-specific structural characteristics (Pulignano and Keune 2015). In countries and sectors where multi-employer bargaining provides comprehensive workforce coverage, clear articulation mechanisms govern the relationship between bargaining levels, and the presence of shop-stewards is widespread across companies, firm-level actors are found to be better equipped to participate in the regulation of both flexibility *and* security. In relation to the capacity of collective bargaining to address the dimension of security in particular, the relevance of ‘depth of bargaining’ has come to the fore in recent research (xxx, 2017). However, the role that this institutional feature plays at the company level, and its link with union bargaining power within firms, has yet to be understood. Concerning companies’ characteristics, low international competition in product markets, differentiated products and high skills and technological requirements reduce the ability of global management to inject flexibility through a top-down approach (and contain the risk of relocation for subsidiaries). In this context, local managers can use flexibility to meet the financial expectations of the headquarters (GHQ) while shop-stewards can exploit institutional resources to negotiate compensating forms of security (Pulignano et al, 2016).

How HR managers and shop stewards mobilize organizational resources and exploit institutional opportunities towards negotiating flexibility and security outcomes remains underexplored. By focusing specific attention on actors’ negotiating capacity within large companies this paper adds a power explanation to the literature on flexibility and security in CB, while exploring the role that this IR institution plays both across and *within* countries. It also sheds light on the relationship between bargaining actors and the institutional context in which they exert their functions. We demonstrate that, across countries, differences in actors’ capacity can be attributed to the properties of CB institutions. Stable and inclusive IR systems strengthen the relationshipbetween the social partners thereby fostering trust and cooperation among local actors. Within country differences are explained at the firm-level, by the capacity of shop-stewards to engage with the strategic interests of HR managers (Locke, 1992). It is concluded that where multi-employer CB has depth and its institutional arrangements are stable, and whereunions draw on a broad range of organizational resources (Levesque and Murray, 2002), unions’ power takes the form of ‘power to’ (Lukes, 2005) facilitating CB outcomes which are mutually advantageous.

**2. Theoretical Framework**

Following Lukes (2005), the extent to which both institutional (Marginson and Galetto, 2016) and structural (Pulignano et al. 2016) resources can be mobilized to negotiate flexibility and security trade-offs depends on the *power capabilities* of actors. Lukes distinguishes between two forms of power: ‘power over’ is when one party’s room of manoeuvre is severely restricted by another and is by nature asymmetrical – one wins the other loses. By contrast, ‘power to’ allows actors to realize outcomes they could not achieve alone, and is founded on interdependencies between parties (Lukes, 2005). This dual notion recalls Walton and McKersie’s (1965) distinction between ‘distributive’ and ‘integrative’ bargaining according to which negotiations between two parties can either take the form of zero-sum games –the parties goals are in conflict and gains by one can only be achieved at the expense of the other – or positive sum-games – the nature of the problem and the approach taken to negotiations permit solutions which benefit both sides.

Whilst conflict remains an underlying feature of negotiations, in capitalist economies the compromises which such negotiations entail ‘constitute the most advantageous context for the improvement of the material interests of ordinary people’ (Wright, 2000:958). Doellgast and colleagues (2018) recast Wright’s work and contend that when unions have sufficient power resources – institutional, organizational and structural – they can set in motion a virtuous circle of employment stability and security across the economy. Accordingly, the focus of this article is on ‘power to’ and on the ‘integrative’ aspects that negotiations can include. Its main objective is to explore the conditions under which unions mobilise their (power) resources to achieve mutually beneficial flexibility and security outcomes in CB. To this end, power has to be understood in its institutional context. Institutions represent governance mechanisms where groups with differing interests can exercise their power capabilities to both contest (power over) and produce shared solutions (power to) (Walton and McKersie, 1965).

**2.1 Accounting for Power Capabilities of Bargaining Actors: An Analytical Framework**

Drawing on the literature on unions’ power resources (Doellgast et al. 2018, Levesque and Murray 2002, Wright 2000) our analytical framework identifies three kinds of power resource: structural, institutional and organizational.

***Structural Resources***

While recognising a role for institutions in framing action, Pulignano et al’s (2016) analysis privileges the company-specific factors which conditioned the nature of the compromises reached between the parties. In particular, they found that amongst their MNCs competition in product *markets*, *technological context* and the *level of integration* across subsidiaries shaped *workers’ structural power* (Wright, 2000), and by implications, the power that shop-stewards derived from workers’ distinctive skills, tight labour market and location in key industrial sectors (Pulignano et al, 2016). By affecting the interests of local actors viz-a-viz the GHQ, these features were shown to shape the scope for flexibility and security in CB.

The link between structural resources and workers’ structural power is well documented (Wright, 2000; Silver, 2003). At the national-level variations in the capacity of trade unions (TUs) to enter into negotiations with employers have been often attributed to economic factors (Iversen 1996). Further, recent studies point to sector-level structures as a way to explain the varying scope of the bargaining agenda on flexibility and security *within* countries (Paolucci, and Galetto 2019). In comparing large companies with similar structural characteristics, xxx 2017 brings to the fore the role of CB institutions in addressing flexibility and security. Actors were found to mobilise structural resources to pursue their respective interests, yet in Denmark their *power capabilities* were shown to be higherthan in Italy. This calls for closer attention to the role that institutional arrangements play in shaping the power balance between parties.

***Institutional Resources***

The properties of multi-employer bargaining arrangements are important in facilitating company-level negotiations which result in outcomes of benefit to both parties. So long as they are encompassing in their workforce coverage, the possibility of individual employers exiting in favour of unilateral management regulation is minimised (Traxler 2003). The resulting procedural security is of particular salience for TUs and their propensity to contemplate negotiations which involve trade-offs from which both parties might gain. Decentralization within such arrangements offers the promise of combining the advantages of common standards on major substantive issues, such as pay scales and the duration of working time, with scope for local variation in implementation and detail (Marginson and Sisson 2006).

There are, however, some key cross-national differences between multi-employer bargaining arrangements which may affect actors’ capacity to facilitate the conclusion of flexibility and security outcomes. First is the presence of well-functioning articulation mechanisms between the sector (or cross-sector) and company levels (Nergaard et al 2009). These can take the form of ‘delegation’, through issue-specific opening clauses controlled by the sector-level parties, or of ‘demarcation’, involving specifying the respective competence sector- and company-level negotiations (Marginson and Galetto 2016).

Second is the *stability* of bargaining institutions. Brandl and Ibsen (2016) find that this enhances macro-economic outcomes. By extension, stability in the bargaining arrangements which frame company negotiations is likely to facilitate the negotiation of mutually advantageous outcomes. By creating shared expectations about bargaining behaviours, institutional stability reduces the risk of distributional power struggles between actors and promotes integrative agendas.

Thirdly, is *depth of bargaining*, originally defined by Clegg (1976:8-9) as the “*involvement of local union officers and shop-stewards in the administration of* [sector-level] *agreements”*. In recent times, CB has undergone a process of decentralisation whereby the competences of company-level actors have significantly expanded. These actors now have scope to negotiate, within their own remit, further provisions. Accordingly, multi-level bargaining systems have been redefined as *deep* when the main social actors, and the outcomes they negotiate, are coherent “from the central level and right down to the company level” (Madsen et al. 2001:12). More specifically, depth of bargaining indicates the way in which the bargaining process, controlled by articulating mechanisms provided at the sector level, reaches local actors and then unfolds within the firm (Muller et al, 2019:25). While in Clegg’s work (1976), the emphasis was on depth at the sector-level – with centralised bargaining being the rule rather than the exception –we examine depth from a company-level perspective. This important institutional feature is captured along two dimensions: the capacity of trade unions to organise employees within firms; and the extent of their participation in the negotiation of company-level agreements.

High depth of bargaining has a twofold effect on outcomes of negotiations (Due et al., 1994). It gives confidence to unions to both provide (at sector level) and accept (at company level) further devolution of bargaining competences. It also avoids representation problems so that employers can expect shop-stewards to take the lead in negotiating agreements. Furthermore, workplace organizations become an important centre of trade union power in their own right capable of independent authority over a wide range of issues (Kristensen and Zeitlin, 2005). We expect that, in combination, these institutional resources – well-functioning articulation mechanisms, stability of multi-employer bargaining and depth of bargaining – may shape, but not determine, unions’ institutional power.

***Organizational Resources***

Institutions do not themselves prescribe the uses to which they will be put (Thelen, 2014). Other aspects also account for the capacity of firm-level social partners to bargain mutually beneficial outcomes. Levesque and Murray (2002) argue that the extent to which unions can alter the terms of their relationship with employers (and make gains at the company level), depends on their own *organizational resources*. They identify three further levers of union power.

First, the local union ‘must have a range of mechanisms in place that reinforce [its] *internal* solidarityand *democracy*’ (Levesque and Murray 2005:509). These mechanisms include degree of membership participation, the existence of delegate and stewards’ structures, the modes of communication between members and leaders, and the presence of and access to educational programmes. Second, the local union ‘must have the capacity to strategize in formulating and putting forward its own vision’ that reflects members’ interests and understanding of their workplace (2005:509).). Levesque and Murray define this source of power as ‘*proactivity’*. They demonstrate that when shop-stewards are not able to define an autonomous agenda – legitimizing their role as interpreters of employee needs and as credible negotiators – they are likely to subordinate their action to corporate interests. Third, the local union ‘must be embedded in both vertical and horizontal external networks and be able to draw on expertise and information from them’ (2005:509). This type of power resource is defined as *external solidarity*.

These three distinctive power resources are intertwined and mutually reinforcing. Levesque and Murray’s (2005) study of subsidiaries of multinational companies in Canada and Mexico shows that the absence of one or another affects the extent of unions’ involvement in processes of workplace change. In accounting for the strategies of firm-level actors – and their capacity to reach workable compromises– a focus on *institutional* (and/or structural) resources is not sufficient. To understand variations across firms (and within countries), it is fundamental to observe the organizational resources available to actors.

In order to further investigate the relationship between institutional and non-institutional resources and union power on the one hand, and the capacity of firm-level actors to build enduring alliances that are beneficial for both sides on the other hand, this paper adopts a multi-level approach (Marginson and Sisson, 2006; Pulignano et. al, 2016) to examine the sectoral- and firm- level factors facilitating flexibility and security trade-offs in CB. Towards accounting for the capacity of actors to negotiate such outcomes within firms, we have identified a set of dimensions reflecting institutional, structural and organizational resources and which variously operate at sectoral and company levels. A summary is provided in table 1.

[Table 1 – about here]

**3. Research Design and Propositions**

The theoretical considerations through which we selected our independent variables make Italy and Denmark a good fit for a comparative analysis of CB on issues of flexibility and security. The two countries provide differing instances of organized decentralisation within a framework of multi-employer bargaining. The boundary between CB and, respectively, labour law and social welfare also differs, with the framework of labour law noticeably more prominent in Italy than in Denmark, whilst social welfare arrangements for the workforce are more comprehensive in Denmark than in Italy. The study focused on chemicals and pharmaceuticals, an internationally open sector with capital-intensive operations in which requirements for both workforce flexibility and workforce security are prominent. Research was undertaken in four subsidiaries of different large internationalized companies within the sector, two in each country.

**3.1 Levels of Observation**

***Sectoral Level***

In Italy and Denmark alike, chemicals and pharmaceuticals is well organised on both sides, and CB coverage is about 80 per cent (Burroni and Pedaci, 2011) and 77 per cent (Ilsøe, 2012) respectively. The Danish sector lies within the industrial agreement encompassing all subsectors in manufacturing. In Italy there is a sector-specific agreement, and a distinctive level of collaboration between the social partners, common to the sector across Western Europe, is evident.

Both countries have well-specified mechanisms articulating the sector (or cross-sector) and company levels. In the case of Italy these have been laid out by a series of confederal agreements and, in principle, should be the same for all sectors. Nevertheless, the social partners in chemicals and pharmaceuticals concluded their own agreement in 2006 which provides for further decentralization. In Denmark, according to the model of ‘centralized decentralization’, which dates back to the 1980s (Due et al., 1994), coordination procedures are agreed at sector level: those in manufacturing differ from those in some other sectors, including construction and transport.

The *stability of CB arrangements*, however is less so in Italy than in Denmark. The core principles of ‘centralized decentralization’ in Denmark have remained largely unaltered. Adaptations occurred in the 1990s when the scope of company bargaining went beyond wage negotiations to include working hours; and then, from 2000, when a radical opt-out clause enabled company-level actors to deviate from specific chapters of the industrial agreement. The situation is different in the Italy where the articulation arrangements established under the 1993 confederal agreement have undergone multiple changes in recent years. In 2006 –ahead of the controversial 2009 Confederal Reform of the Collective Bargaining System (CRCBS) – the social partners in chemicals and pharmaceuticals signed an agreement providing various mechanisms enhancing bargaining decentralization. Unlike the CRCBS, the sector’s agreement preserved a clear hierarchy between bargaining levels. In 2011 some of the differences between the interconfederal and sectoral provisions evaporated as a new interconfederal agreement was concluded, more along the lines of the latter. However, parallel set of rules at interconfederal and sectoral level aimed at devolving competences to company-level bargaining still remain in place.

***Company-Level***

D*epth of bargaining* represents a distinctive feature of Danish industrial relations, while being one of the main weaknesses of the Italian bargaining system. Already in 1899 Denmark’s ‘Basic Agreement’ provided a cohesive institutional arrangement linking companies with their respective sectoral branches (and also national level). Then in the 1980s, a double process of reconfiguration both widened the competences of company-level bargaining and enlarged the substantive scope of the sectoral ‘framework agreement’ (Due et al. 1994). As a result, depth of bargaining further increased. By contrast, in Italian chemicals and pharmaceuticals, second-tier CB is relatively less developed. TUs have encountered a series of difficulties in entering small and medium enterprises where, if present, they play a residual role. Effective workplace bargaining structures tend to exist primarily in large enterprises (Pedaci and Burroni, 2009). The reduced incidence of company-level arrangements indicates relatively low depth along the first dimension identified above (i.e. representation capacity of TUs). Although decentralization of CB has gradually increased over the past twenty years, the capacity of unions to respond and open up a wider agenda for company-level negotiations has been decidedly uneven across sectors and companies within them (Ibid.).

Table 2 summarises the relevant institutional characteristics. Concerning the institutional resources firm-level actors can draw upon, in Denmark, they are higher than in Italy. These variations are likely to be reflected in the power capabilities of HR managers and shop-stewards, and by implications, also in their CB agenda.

[Table 2 about here]

Kristensen and Zeitlin (2005) demonstrate how ‘local players’ in subsidiaries of a large internationalized company conceptualize opportunities and exploit resources in the institutional context in which they are embedded. In Denmark, where the institutions framing CB accord TUs an important regulatory function, HR managers and shop-stewards are more likely to engage in *collaborative* behaviours than in the US, where the role of employee representatives is more narrowly institutionalized. Further, systematic union-management alliances helped the Danish plant develop (and sustain) an unparalleled productivity capacity within the MNC. Shop-stewards’ ability to exert control over employees, organize their training needs and implement new technologies was key and enabled local managers to secure higher internal flexibility and meet the financial expectations of the GHQ. By contrast in the US plant, the fewer institutional resources TUs could call on reduced the opportunity for union-management collaboration and forced actors to engage in defensive strategies. Kristensen and Zeitlin conclude that the institutional resources available to local unions widen (or reduce) the distance between parties in firm-level CB. The Italian case would lie between the Danish and US ones – the role of employee representatives is more broadly institutionalized than in the US, but less so than in Denmark.

Finally, the outcome of negotiations within large internationalized companies will be shaped by a series of structural factors (Pulignano et al 2016).Accordingly, we expect HR managers and shop-stewards in our four internationalized company cases to be able to draw on significant structural resources which, in turn, are likely to enhance TUs structural power. However, the relevant structural factors highlighted by Pulignano et al (2016) (degree of global competition, level of international integration and characteristics of the product market), in the four companies – Impresa 1 & 2 in Italy and Firma 1 & 2 in Denmark – exhibit considerable similarity, as Table 3 shows. Yet with these variables being held constant, it is possible to focus attention on the *organizational resources* (Levesque and Murray, 2002) of actors, thereby also revealing variation *within countries*.

[Table 3 – About here]

**3.2 Propositions:**

Drawing on the above discussion, we identify two propositions

**P1**. Where the level of stability and depth of the CB system is higher, as in Denmark, company-level actors are likely to realize adjustments on flexibility and security that are positive for both sides. Whereas, in Italy, relatively lower stability and depth of CB is likely to constrain on flexibility and security outcomes.

**P2.** Differences in TUs organizational resources are likely to affect the outcomes of local negotiations on flexibility and security within as well as between countries.

**4. Methodology**

Our study explores both the role of institutions and the strategy of the actors involved with them. Qualitative research methods were called for, specifically an *explanatory case-study approach* since: data bear on cause-and-effect relationships; several variables are considered (not isolated ones); multiple sources of evidence need to be triangulated (Yin, 2013).

In order to observe variation both across and within national institutional contexts, case-studies were conducted in both countries. At national level secondary sources were reviewed on the historical, institutional and legal context of CB in Italy and Denmark. The sector level represents a crucial contextual element in which company-level negotiations take place. Sectors are characterised by broadly similar technologies and market structure (Becher et al. 2012), giving rise to similar demands for flexibility and security. The first stage of fieldwork involved 16 semi-structured interviews with employers’ organizations (EAs) and the TUs representatives, who provided ‘expert opinions’ (Saunders and Townsend, 2016:837). They were selected according to their function within their respective organizations (i.e. Deputy Director of Dansk Industry, IR Director in Federchimica, sector TU officials), and for playing a leading role in sector-level bargaining. In addition, all sector-level agreements signed from 1998 to 2014 were content analysed to identify the procedural rules governing decentralization and the substantive rules enabling company-level negotiations on flexibility and security. Documents that social partners used to corroborate their responses – including information on sector performance and labour market conditions – were also reviewed.

The case studies are manufacturing plants of four large, internationalized chemical companies. Firms were chosen (1) under the assumption that local management would experience cost-effectiveness pressures coming from GHQs, making *flexibility* a key strategic issue; (2) the technologies and skills required would make *security* a relevant issue for management as well as employees; (3) collective agreements were present.

Fourteen semi-structured interviews with key participants in negotiations (i.e. HR Directors, general and HR managers, and shop-stewards and local TUs officials) were gathered along with local agreements signed between 2000 and 2014 in Firma 1 &2 and Impresa 1&2. These informants had negotiated the respective sets of agreements over a time period of more than 10 years. They provided rich, contextualised accounts of the bargaining process, including the evolution of their relationship, enabling us to collect data of sufficient depth and breadth (Saunders and Townsend 2016).

These primary data enabled observation of how managers and shop-stewards engaged with the competences delegated/demarcated by the respective sector-level agreements and the outcomes of their interactions. The content of company-level agreements was operationalized using the categories of flexibility and security elaborated by Ibsen and Mailand (2011) (see Table 4’s row headings), and the nature of actors’ compromises using Pulignano and colleagues’ (2016) categorization of balanced and unbalanced trade-offs.

Data at the sector and the company level were analysed by applying principles of qualitative content analysis. Five steps were undertaken to control the risk of being arbitrary or subjective: 1) from tapes via transcripts to raw data; 2) from raw data to condensed records; 3) from condensed to structured protocols to preliminary category systems; 4) from preliminary category systems to coded protocols; 5) analysis and interpretation (Schilling, 2006). This process was undertaken with the support of Nvivo computer software.

The dataset on which the paper draws is the same as that underpinning xxx (2017). Here we mobilise additional, and re-analyse other, findings to address the paper’s original theoretical framework. The additional findings enable us to highlight the *interplay* between bargaining institutions and other sources of union power, and the impact this has on the relationship between actors within firms. As a result, variation can be explored *within* as well as across national contexts.

**5. Findings**

This section presents and analyses our findings on the categories of flexibility and security which have entered into company-level bargaining across the two countries and explores whether the negotiated provisions have enhanced flexibility and security, and if so which forms. Table 4 provides a comparative summary to inform the analysis that follows. Appendix Table 2 specifies the dates of the relevant agreements.

[Table 4 – About here]

Table 4 shows that by negotiating over six out of the seven substantive categories, *pay, working-time, job classifications, training, provisions for atypical workers, and social benefits and entitlements* the social partners in Impresa 1&2 have improved levels of functional, working-time, wage and external flexibility, and of job, combination, and income and employment security. Whereas wage flexibility and working time flexibility are only promoted by agreements on these respective issues, functional flexibility is promoted by agreements addressing training and job classifications. Promotion of external flexibility, which can be used to mitigate the effects of strict employment protection of permanent workers, features at Impresa 2 only. In both firms, agreements on *job classification* and *training* address mainly job security while combination security is enabled by negotiations on *working-time* and *social entitlements*. External mobility (employment security) through *training* featured in Impresa 2 to tackle unemployment. Here, also, *provisions for atypical workers* have been negotiated to enhance the skill set of temporary employees.

In the two Danish firms the social partners have negotiated on five of the seven substantive categories, including two which are not covered by a formal provision in the sector agreement according competence to the company level. Again, wage and working time flexibility are promoted by agreements on these respective issues, functional flexibility is only addressed by an agreement (on training) at Firma 1 whilst external flexibility does not feature. Concerning security, combination security results from negotiations *on working-time* and *social benefits and entitlement*. Employment security derives mostly from the category of *training*. Attention to employment security in both firms has increased recently: to cope with the financial crisis, training policies towards redundant employees have been improved (*social benefits and entitlements and measures for employment*). In addition, interview data suggest that by injecting higher employment and income security, social partners have indirectly fostered higher mobility in the external market. Relatively generous unemployment benefits reduce the need for bargaining parties to address job security which, nonetheless, is the object of an agreement in Firma 2 (entailing an exceptional provision retaining highly-skilled and multi-functional employees during organizational changes).

Overall, the findings suggest that in a context of reduced job protection, social welfare equips social partners in Denmark with the security they need to cope with contingent demands for flexibility. HR managers can adjust their staffing needs according to business requirements while shop-stewards can focus on enhancing employability in the internal and external labour market. Flexibility is perceived as functional by both sides whilst job security is not a priority.By contrast, in the Italian context of stronger legal protections, HR managers and shop-stewards can enhance flexibility and security primarily in the internal labour market. External flexibility is sought by management through the use of temporary contracts (which do not feature in the Danish firms) and, due to a low level of income protection from the State, shop-stewards are in a relatively weak bargaining position to improve security.

Proposition 1

Whilst other institutional features (i.e. law and social welfare) shape the way in which HR managers and shop-stewards frame and address flexibility and security, the capacity to produce adjustments on these issues at firm level can only be understood through the functioning of the two countries’ bargaining institutions. We tackle Proposition 1 in two steps: the impact of institutional *stability* and; the effect of *depth* of bargaining.

In line with existing research, we found that the articulation mechanisms under the two countries’ two-tier bargaining arrangements enable categories of flexibility and security to enter into the bargaining agenda across all four manufacturing sites. Table 4 shows that *pay*, *working-time* and *training* have entered local agreements as a result of demarcation and/or delegation under the respective sector-level agreements. The categories of *job-classifications* and *provisions for atypical workers* are items for negotiation only in Impresa 1 and/or 2: these issues are opened up for local negotiation by the inter-sector rules allocating bargaining competence and the sector agreement, respectively. In contrast, for Firma 1 &2 these categories are not object of clauses in the sector agreement.

However, Table 4 suggests that articulation mechanisms are not as important as the stability of the regulatory framework within which actors pursue potential compromises. For instance, the category of *measure for employment* – which was included in the 2012 sectoral agreement with to address effects of the economic crisis - did not feature in either Impresa 1 or 2. Further decentralization – via opening clauses and derogations – was seen as providing local actors with scope to enhance employability and competitiveness. However, the mechanisms of delegation previously negotiated (2006, 2009) at the sector level overlapped with the demarcation provided by cross-sectoral agreements (1993, 2009, 2011) thereby causing normative uncertainty. In this context, HR managers emphasized that the new competences were difficult to engage with because the overall framework became unclear, increasing the risk of costly litigations.

In contrast, in the Danish companies Table 4 indicates that firm-level actors bargain also on categories that fall outside the scope of articulation, including *measures for employment* and *social benefits and entitlements*. Both managers and shop stewards at Firma 1 &2 referred to company-level agreements as the most useful tool to meet both business needs and employee interests. Managers emphasized the advantages of a sector framework that, by benchmarking employment conditions across the industry, provides stability for companies. At the same time, they consider such a framework to be insufficient. By trusting their capacity to find workable compromises, local bargaining in Denmark becomes an opportunity for managers to inject flexibility in the business while providing shop-stewards with the procedural security they need to protect employee interests.

In line with Proposition 1 a clear framework of rules strengthens the mandate of firm-level actors who, confident about the outcomes of their interactions, engage with items of flexibility and security – even beyond the formal scope of their competences. The possibility for local actors to produce adjustments on flexibility and security in Firma 1&2 is more extensive than that in Impresa 1&2.

Considering *depth of bargaining*, we first look at the relationship between the social partners in the four companies, who all defined it by using adjectives such as *positive* and *functional* towards common goals. Nevertheless, there is a difference in the nature of this relationship, which in *Impresa 1*&*2* managers depict as constructive; whereas in *Firma 1*&*2* they refer to it as constructive, cooperative and entrenched in *trust*. While in Italy shop-stewards stress cooperation, in Denmark the most recurrent word is *trust*.

Shop-stewards in Firma 1&2 – who represent 83 per cent and 77 per cent of employees respectively – are perceived by management as expert negotiators who play an important function. Given their high capacity to represent employees it is impossible for managers to sidestep TUs – their collaboration inside the company becomes key to prevent conflict. Meanwhile, shop-stewards are bound by the company-level peace-clause contained in the central agreement which induces them to engage in cooperative behaviours. In contrast, in Impresa 1&2 unions – who represent 50 and 25-30 per cent of employees respectively – are perceived by management as inconsistent in mediating opposing interests and unable to guarantee stability. In order to gain internal consensus they at times resort to conflict. HR managers question unions’ capacity to control the shop-floor and to implement agreements. Strikes, although infrequent, have occurred in both Italian sites.

By cooperating, both local actors in Firma 1&2 are able to make gains. Balanced flexibility and security trade-offs have been achieved involving *Working-time flexibility and Combination security* (different forms of part-time work to reconcile job with unexpected family/personal duties) and *Functional flexibility and Employment security* (formal training during organizational restructuring) whereby managers have improved the company’s performance and shop-stewards enhanced working conditions. For example, during the economic crisis Firma 1 HR managers asked the shop-stewards to contribute to reshape working-time and systematically rotate jobs. Thanks to the resulting agreement, the global HQ’s decision to outsource the less skill-intensive production-lines was reversed and further investments attracted. More generally, management achieve internal forms of flexibility by relying on the contribution of shop-stewards. Shop-stewards play a key role in managing skill needs and training provision, becoming a resource for HR managers to enhance productivity.

*Employees are divided into groups and shop-stewards have the responsibility to plan their work. And it is not the line manager that assigns them tasks. That makes employees take the extra step!*

**Firma 1 HR manager, July2014**

In contrast, lower depth of CB in Impresa 1&2 inhibit the opportunity for collaboration between the parties. Because local unions are not as representative (and their training resources insufficient), HR managers are less motivated to build alliances and more inclined to impose their own bargaining agenda on flexibility. In the Italian firms (especially in Impresa 2 where *depth* is lowest) a cost saving approach has prevailed over cooperative behaviours – towards the enhancement of productivity – and led to unbalanced flexibility and security trade-offs: *Wage flexibility and job security*; *Functional flexibility and job security; Working-time flexibility and job security; External flexibility and Job security*.

*In the past ten years the emphasis of negotiation has been on this idea of ‘job security’* [sic.] *the fact that you can make the company grow by enhancing marginal productivity. The real challenge for us is to improve employee performance without offering higher pay, or anything else in exchange.*

**Impresa 2, Local HR Director July 2013.**

In line with Proposition 1, we find that the *stability* of CB shapes a regulatory framework where local actors can find common ground for compromise. Meanwhile, high *depth of bargaining*, captured by the capacity of trade unions to represent (and articulate) the interests of employees, forces HR managers to keep an open line of communication with shop-stewards. Under these institutional conditions, HR managers gain strategic influence in the business as the GHQ perceives them as adept interpreters of the context in which they operate, whereas shop-stewards strengthen their internal legitimation as both local management and employees recognize the value of their functions. Where these institutional resources are weaker, management’s agenda tends to predominate over union concerns, limiting the possibility for a shared platform to emerge.

Proposition 2

We review the organizational resources available to unions across the four companies, in terms of the three dimensions identified earlier. A comparative summary of findings is provided in Table 5.

[Table 5 – About here]

Regarding **Internal Democracy**, Firma 2 features the most sophisticated system of employee representation, while Impresa 2 the least. There are five full-time professional shop-stewards in Firma 2, drawn from three unions representing different grades of worker (HK Privat for white collars and Dansk Metal and 3F for blue collars), negotiating for 1325 employees. The HK Privat shop-steward is the Chair of the *Klub* (union workplace structure) and also a member of the company board. Negotiations occur whenever necessary – but at least once a year. There is an open-door policy: if needed, employees can stop production for two hours and call a meeting with shop-stewards and HR managers. As a result, similar understandings around issues of flexibility and security have emerged, and cooperation has strengthened. In Firma 1, shop-stewards come from the same three unions. The level of participation is lower than in Firma 2: there are neither full-time representatives, nor employee representation at Board level. The HK-Privat shop-steward is also the Chair of the *Klub*. Before opening a bargaining round, employees and their representatives work on a shared platform and secure a clear mandate. Shop-stewards act as mediators between the interests of managers and employees thereby preventing conflict and creating common understandings, especially, on internal flexibility.

The situation is very different in Impresa 2 where there are eleven shop-stewards who represent the respective chemical federations of UIL, Cisl and Cgil. Together they organize meetings with employees and participate in training sessions on a variety of IR issues. There are few ideological differences between them as pragmatism, they report, has always prevailed. However, the unions compete for members as each of them represents the same grades of worker. Tensions amongst shop-stewards are regularly exploited by local management in order to isolate the less collaborative union (Cgil) and to unilaterally impose decisions. Even so, several strikes were successfully organized, mainly prior to the crisis. Shop-stewards understand HR managers’ perspectives on issues of flexibility and security – which primarily respond to global business needs. Yet, they find it difficult to align them with employees’ expectations. In Impresa 1 the picture is similar, although the contrast with the Danish firms is not as stark. The same three unions organise the workforce and compete for members. While enjoying a higher level of representation shop-stewards struggle to obtain a strong mandate from their members and, as a result, use the practice of *referenda* to sign firm-level agreements. While this has guaranteed high involvement of employees in negotiations, it has simultaneously eroded the relationship with management, which considers them as unreliable negotiating partners.

Concerning **external links,** in both Impresa 1&2 the shop-stewards have a high dependency on external union officials. Sectoral (Impresa 1) and territorial (Impresa 2) union officials sit at the bargaining table alongside shop-stewards. As decentralisation has increased, this practice has been commonly enacted by trade unions to compensate for the lack of depth of the bargaining system. Representatives in both companies report that the assistance of professional and independent sector-level officials is needed to strengthen their position viz-a-viz managers and avoid instances of *aziendalismo,* that is the tendency to pursue an employer-driven agenda (i.e. short-term and particularistic), exploiting local power imbalances between parties. Indeed, support from external unions makes a positive contribution in training provision on IR issues for shop stewards at the two companies. However, such support is not unproblematic, as it can have unexpected political implications. For instance, managers, particularly in Impresa 2, attempt to use the antipathy of Italy’s largest union confederation (Cgil) to the partnership approach embraced by the social partners in chemicals (including Cgil’s sectoral federation) to isolate local Cgil representatives. Moreover, while, in Impresa 1, the close relationship that shop-stewards have with their sectoral federations are considered useful by management to keep local CB provisions in line with the overall sectoral performance, in Impresa 2, such links are not seen as beneficial. The external support offered by unions to shop-stewards has been portrayed by managers as a sign of local unions’ weakness that, in their view, lack the competence to be regarded as an effective counterpart. Unless generating conflict, on issues including training, variable pay, and working-time, shop-stewards are normally bypassed. It is not unusual for management to speak directly with external union officials instead.

In Firma 1&2 shop-stewards enjoy a much wider degree of autonomy. Territorial branches provide regular training opportunities and collaborate as external consultants during negotiations. However, shop-stewards would never accept the involvement of higher-level officials, or to be shadowed, at the bargaining table, particularly in Firma 2, where despite adhering to the sector-level agreement, the company is not part of Dansk Industry (DI). Union representatives in both firms report that, given their proximity to both their managements and their constituencies, they are the best qualified to find suitable compromises. In order to avail themselves of sectoral-level training funds there is a strong connection amongst unions, their territorial branches, skill councils and ALMP networks in the relevant region. Overall, in Impresa 1&2 external links exist in principle to augment union bargaining power. However, in practice, the advantages are uneven across the two firms. By contrast in Firma 1&2 such links serve to underpin shop-stewards’ autonomy - wider in Firma 2 than in Firma 1.

Third, in relation to **Proactivity**, unions in Impresa 2 and in Firma 2 have the lowest and highest capacity respectively to push forward their own agendas. In Impresa 2, unions justify their defensive position by highlighting two main developments. As the company attained global scale, local managers’ prerogatives have gradually shrunk as strategic decisions are centralized. Also, given the company’s comprehensive approach to HR, it is difficult for local actors to identify items available to negotiate. Shop-stewards refer to welfare provisions and work-life balance as important issues of conversation in the firm. Nevertheless, these have left the bargaining agenda to enter the exclusive domain of global HR policy. By contrast, in Firma 2 shop-stewards are proactive at all levels. They take the initiative in negotiations, bringing a range of issues to the bargaining table. The full-time status of several stewards attests to management confidence in their role. Moreover, sitting at the board of directors, the Chair of the *Klub* has the capacity to channel union voice to the global company and participate in key business decisions.

In Firma 1 also, shop-stewards are pro-active in advancing employees’ interests. By monitoring training needs they defined for themselves a key role in promoting ‘employability’ and career development. Following each sectoral bargaining round, the shop-stewards ensure that company-level provisions are up to date on issues covered. In Impresa 1 unions have more capacity to influence local decisions than in Impresa 2, especially on company-level welfare benefits that have become prominent issues in the bargaining agenda. For example, when unable to obtain a pay increase, shop-stewards placed pressure on HR managers to improve the health and pension schemes. However, in contrast to the Danish firms, in Impresa1, unions lack both the financial resources to make a significant contribution on training and the internal legitimation to improve on provisions in the sector-level agreement, primarily on wages. Moreover, similar to Impresa 2, shop-stewards report that the autonomy of local management in relation to business decisions is limited. They perceive that their management counterpart needs to be *receptive* to the global strategy, especially in relation to performance-related pay, and that this, in turn, constrains both sides’ proactivity. Such view is largely shared by the HR manager:

*IR are losing their strategic role to the business, often this activity* [CB] *is perceived as a residual responsibility of the HR department whose focus is clearly shifting to direct management.*

**Impresa 1, HR Director July 2013.**

This comparison demonstrates first, that where union organizational resources are lower, local HR managers are better equipped to exploit tensions amongst unions, and to unilaterally impose decisions. Second, the higher the capacity of HR managers to contain local unions, the lower is the interest of the GHQ to invest resources in negotiations. In both Impresa 1&2 shop-stewards ascribe their inability to improve on the sector-level standards to the restricted autonomy of their management counterpart, less so in Impresa 1, where collective bargaining is used as a means to improve welfare provisions. Conversely, where local union organizational resources are high, global management is forced to respond by widening the mandate of HR managers. As a result, CB acquires a strategic function to the business. Before starting a bargaining round, the HR department in Firma 1 suggests the agenda to the executive VP who, accordingly, decides on the extent of the mandate. In Firma 2 the HR manager defines in collaboration with the board of directors the boundaries of her mandate.

In line with Proposition 2, this analysis has demonstrated that where TUs have stronger organizational resources – internal democracy, external links and proactivity – shop-stewards have greater capacity to use institutional resources to their advantage and, as a result, cross-country differences emerge. In both Danish firms, greater organisational resources strengthen the capacity of unions to potentially impose direct costs on the business. Therefore, CB becomes a functional tool for the GHQ to inject flexibility while controlling the level of security. This interplay between unions’ organisational resources and institutions, in Denmark, limit the range of options available to negotiating parties; while management develops incentives to engage in negotiations, unions can rely on the legitimation of their counterpart, maintaining a well-defined regulatory function. As a result, the opportunity for win-win trade-offs is wider. Conversely, where union organizational resources are lower, as in Italy, CB is perceived as less strategic by companies which tend to take the lead in shaping flexibility and security policies. Both in Impresa 1&2, the interplay between unions organisational and institutional resources is one that hinders win-win solutions; it encourages management to explore exit options and unions to resort to conflict to gain greater legitimation.

Moreover, within country differences in union power resources are also apparent and reflected in variations in negotiating outcomes. As between Firma 1 and Firma 2, internal democracy and pro-activity are higher in the latter although external links are less, suggesting higher resources overall in Firma 2. This is reflected in the more extensive negotiating agenda on different dimensions of security observed in Firma 2 as compared with Firma 1. Union power resources in Impresa 1 are higher than those in Impresa 2 on all three dimensions, a difference reflected in both the narrower scope of the agenda and greater tendency of negotiated outcomes to take the form of concession bargaining in the latter.

In sum, the findings reveal the interplay between unions’ organisational resources and the institutional resources available to them in shaping the negotiation of flexibility and security in company-level bargaining. In countries where institutional resources are higher, organisational resources can magnify union institutional power, favouring a logic of sustained social compromise. Further, unions’ organisational resources can sometimes compensate, but never fully substitute, the power which unions derive from institutions. Hence, differences in organizational resources can result in variations in local actors’ strategies and negotiated outcomes within countries.

**6. Discussion and Conclusion**

By examining the capacity of CB to generate mutually advantageous flexibility and security trade-offs at company level in a single sector within two countries, Italy and Denmark, characterized by two-tier, articulated, multi-employer bargaining arrangements, the paper adds to extant research on the issue (e.g. Ibsen and Mailand, 2011, Pulignano et al. 2016). By further investigating the role of institutions and their interplay with unions’ own organisational resources, it makes a threefold contribution – theoretical, empirical and methodological.

On the first, we argue that union power is at the core of the relationship between company-level actors and is integral to the definition of a shared flexibility and security platform. While corroborating the relevance of firm-specific characteristics to union structural power (Pulignano et al, 2016), our findings highlight the importance of two additional factors. *Institutional resources* foster trust and collaboration between parties enlarging the scope for integrative bargaining, while union *organizational resources* further enhance unions’ bargaining power, enabling local actors to mobilise institutional resources. Together, these conditions facilitate the realisation of integrative outcomes. Building from Doellgast and colleagues’ (2018) ‘virtuous circle’ between inclusive institutions, workers’ solidarity and voice-oriented employer strategies, our approach untangles the impact that these distinctive sources of unions’ power have on actors’ bargaining strategies.

The interplay between different sources of unions’ power presents the possibility to exert ‘power to’ (Lukes, 2005), when defining their agenda on flexibility and security. Under such conditions, as at *Firma 2* in Denmark, managers and shop-stewards can gain more by cooperating than by acting independently. Such integrative potential is realised by framing issues of flexibility and security in ways which involve rights and obligations on both sides (Walton and McKersie, 1965). Echoing Wright’s work, TUs which are sufficiently well-organised at the workplace (in terms of external links, proactivity and internal democracy) can push employers into formal negotiations that, over time, transform structural antagonism into ‘bargained cooperation’ (2000:962). Furthermore, we demonstrate that in large internationalized companies, agency on issues of flexibility and security is not confined to the GHQ; local actors have their own power resources. These can be deployed to reshape the relationship with GHQ (Kristensen and Zeitlin 2005).

Our empirical contribution concerns two intertwined findings. In both Danish companies, the social partners have gone beyond their formal competency under demarcation to negotiate on issues on which the sector-level framework is silent. Their capacity to do so arises from the power (and legitimacy) that local actors acquire from *depth* of bargaining at company level. It follows that powerful bottom-up dynamics may produce subsequent adjustments to articulation arrangements, progressively adapting CB institutions to the needs and the reality of actors on the ground (Marginson and Sisson, 2006; Thelen, 2014).

The three-dimensional operation of unions’ organizational resources (Levesque and Murray, 2002) sheds light on the different flexibility and security outcomes at firm level, over and above those that can be attributed to institutions. While institutions and union power are shown to be complementary, institutions alone do not fully explain the agenda and outcomes of company-level negotiations. Despite pronounced cross country differences – in both Danish firms the level of interdependency between local actors is higher than in the Italian firms, as well as their capacity to regulate issues of flexibility and security via CB – noticeable variation emerges also within the countries. This variation corresponds to differences in one or more union organizational resources: internal democracy, external links and/or proactivity.

From a methodological perspective, adopting a multi-level approach has allowed consideration of the simultaneous influence of various institutional and non-institutional factors at different levels of observation. By setting the agenda of company-level social partners in sectoral context, we have shed further light on variation across countries, underlining the roles of stability of CB arrangements, specifically articulation mechanisms, and depth of bargaining. The attention to the company level has also brought insight into variation within countries. Actors’ capabilities, specifically, unions’ ability to exert ‘power to’, accounts for the relative prominence of the *security* dimension in outcomes*,* enhancing the range of feasible compromises between the parties.

Our final remark concerns the use of qualitative (Marginson and Galetto, 2016) and quantitative (Visser, 2016) methods to explore how articulation mechanisms affect the outcomes of CB. Our paper confirms the relevance of different kinds of procedural arrangement. It also underscores the role played by the stability of bargaining institutions (Brandl and Ibsen, 2017). In addition, our choice to adopt a qualitative approach to a multi-level study has uncovered the salience of a further dimension – *depth of bargaining*. This dimension would be challenging to calibrate in quantitative terms. By highlighting power dynamics, depth of bargaining draws attention to the interests and the identities of the actors, and the implications of variations in these. It is by observing the extent of collaboration between actors that variation in the capacity of managers and shop stewards to enact (or not) the procedural flexibility provided by the sector-level framework is explained. We demonstrate that actors retain scope for choice within constraints or even impact on those constraints in light of their own resources and shared understandings.

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Table 1: Independent variables

|  |  |  |  |
| --- | --- | --- | --- |
| **Levels of**  **Observation**    **Independent**  **Variables** | **Institutional Resources** | **Structural Resources** | **Organizational Resources** |
| **Sectoral** | * Articulation mechanisms   (Nergaard et al. 2009;  Marginson & Galetto, 2016)   * Stability of multi-employer arrangements   (Brandl and Ibsen, 2016)   * (Depth of Bargaining)[[1]](#footnote-1) (Clegg, 1976). | * Markets * Technological context |  |
| **Company** | * Depth of bargaining – unions’ capacity to represent employees’ interests within firms (Muller, et al., 2019; Kristensen and Zeitlin, 2005). | * Markets, * Technological context * Level of integration across subsidiaries (Pulignano, et al., 2016) | * Internal democracy * External solidarity * Proactivity   (Levesque and Murray, 2002) |

Source: Own compilation

Table 2: Summary of institutional characteristics in each country

|  |  |  |
| --- | --- | --- |
| **Independent Variables** | **Italy** | **Denmark** |
| **Articulation** | Centrally controlled (National Level)   * National level (demarcation) * Chemicals sector level (delegation) | Centrally controlled (Sectoral Level):   * Sectoral level (demarcation) |
| **Stability of multi-employer arrangements** | National Level   * 1993 Protocol for CB * 2009 Confederal Reform of the Collective Bargaining System * 2011 Interconfederal Agreement   Sectoral level   * 2006 Guidelines for company-level negotiations and derogations from national provisions (strengthened in 2009) | National Level   * 1899 Basic Agreement * 1980s Centralized Decentralization |
| **Depth of Bargaining** | Company level bargaining:   * Limited presence of local unions, partial coverage * Relatively less developed | Company level bargaining:   * Large presence of local unions, extensive coverage * Highly developed |

Source: Own compilation

Table 3: Companies’ organizational characteristics

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Org Characteristics** | **Impresa 1** | **Impresa 2** | **Firma 1** | **Firma 2** |
| **Degree of Internationalization** | 34000 employees in 37 countries  High Internationalization | 28000 employees in 17 countries.  High Internationalization | 5000 employees in 61 countries  High Internationalization | 40000 employees in 75 countries  High Internationalization |
| **Type of integration** | Vertical | Vertical | Vertical | Vertical |
| **Market Competition** | Chemical and Energy  Medium-to-low | Bio-Tech/Pharma  Medium-to-low | Pharmaceutical  Medium-to-low | Pharmaceutical  Low |
| **Nature of Product Market** | Differentiated | Differentiated | Differentiated | Differentiated |
| **Technology** | Capital Intensive | Capital Intensive | Capital Intensive | Capital Intensive |
| **Workers Characteristics** | Highly-skilled | Highly-skilled | Highly-skilled | Highly-skilled |

Source: Own compilation

Table 4: Negotiated flexibility and security in Firma 1 &2 in Denmark and Impresa 1 &2 in Italy for each category

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **ITALY** | | **DENMARK** | |
|  |  | **Impresa 1** | **Impresa 2** | **Firma 1** | **Firma 2** |
| **Pay**  **IT:** Demarcation  Interconfederal  **DK**: Demarcation  Sectoral | **Flexibility** | Wage | Wage  Job | Wage | Wage |
| **Security** |
| **Working-Time**  **IT:** Delegation  Sectoral  **DK:** Demarcation  Sectora | **Flexibility** | Working-Time  Combination | Working-Time  Job  Combination | Working-Time    Combination | Working-Time  Combination |
| **Security** |
| **Training**  **IT:** Delegation  Sectoral  **DK:** Demarcation  Sectoral | **Flexibility** | Functional  Job | Functional  Job  Income  Employment | Functional  Employment | Employment |
| **Security** |
| **Job**  **Classification**  **IT:** Demarcation  Interconfederal | **Flexibility** | Functional  Income  job | Functional  Income  job |  |  |
| **Security** |
| **Provision for**  **Atypical**  **Workers**  **IT:** Delegation  Sectoral | **Flexibility** |  | External  Employment  Job |  |  |
| **Security** |
| **Social Benefits and**  **Entitlements**  **IT:** Delegation  Sectoral | **Flexibility** | Combination | Combination | Combination  Income | Combination  Income |
| **Security** |
| **Measures for**  **Employment**  **IT:** Delegation  Sectoral | **Flexibility** |  |  | Income  Employment | Job |

*Source:* Own compilation*;* adapted from Table 1&2 (xxx 2017)

Table 5 Union Power Resources in the four companies

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Impresa 1** | **Impresa 2** | **Firma 1** | **Firma 2** |
| **Internal**  **Democracy** | Three unions - 50 % representative  RSU organize meetings and participate in training on IR  Referendum as a practice to obtain the mandate (post-negotiations)  Tensions amongst unions to attract members | Three unions – 25-30% representative  RSU organize meetings and participate in training on IR  Tensions amongst unions to attract members  Tendency to isolate CGIL | Three unions organizing different workers – 83% representative.  Weekly meetings with employees and cooperation amongst shop-stewards  Internal dialogue to obtain clear mandate (pre-negotiation)  Strong emphasis on ‘intermediation’ | Three unions organizing different workers – 77% representative  Chair of Klub in the Board of Directors  Shared facilities for shop-stewards  Constant collaboration amongst unions  Strong pre-negotiations mandate  Open door policy for union members |
| **External Links** | Strong links with territorial, sectoral unions – sector-level officials sit at the firm-level bargaining table.  Training for shop-stewards with sector-level funds  Cgil – ideological disagreement between sectoral representatives and interconfederal ones produces tension | Strong links with territorial unions – officials sit at the firm-level bargaining table  Training for shop-stewards with sector-level funds. Shop-stewards are also involved in training at EU level.  Cgil – ideological disagreement between sectoral representatives and interconfederal ones impacts the firm i.e. successful marginalization of Cgil | Constant contacts with territorial branches and consultation during bargaining  Training system linking shop-stewards, higher union officials, skill councils and ALMP networks. | Contacts with territorial branches on interpretation of sector-level provisions  Training system linking shop-stewards, skill councils and ALMP networks |
| **Proactivity** | Unions take the initiative but lack resources for training and their mandate is weak to actually improve the sector-level framework  Local management needs to be ‘receptive’ to global strategies and that in turns reduce shop-stewards capacity to influence decisions. | Limited proactivity, business decisions centralized  Difficulties in finding items for bargaining given the developed HR policies | Highly proactive on issues such as ‘employability’ and career development, as well as social benefits  Negotiations in the form of package deals occur every three years  Collaborative on flexibility | Unions have the initiative in CB which can occur as often as needed (at least once a year) on all items  The chair of the Klub sits at the Board participating in key global decisions  Shop-stewards are full-time dedicated to representing employee interests |

Source: Own compilation

**Appendix**

**Appendix Table 1**: Coding of collective agreement provisions enhancing flexibility and security

|  |  |  |
| --- | --- | --- |
| **Categories of Flexibility and Security** | **Potential Flexibility Dimension** | **Potential Security Dimension** |
| Pay | Wage Flexibility | Income Security |
| Working-time | Functional Flexibility | Combination Security |
| Job-demarcation | Functional Flexibility | Job-Security |
| Training and Education | Functional Flexibility | Employment Security |
| Social Benefits  and Entitlements | Wage Flexibility | Income Security  Combination Security |
| Provisions for atypical workers | External Flexibility | Employment Security |
| Measures for employment | External flexibility | Employment security |

*Source:* (Ibsen and Mailand, 2011; Marginson and Galetto, 2016)

**Appendix Table 2:** Outcomes of company level collective bargaining on flexibility and security with dates of agreements.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Flexibility** | **Security** | **Flexibility & Security** |
| **Impresa1** | Wage (2002-2015)[[2]](#footnote-2)  WorkTime (2010-2015) | Combination (2015[[3]](#footnote-3); 2005) | WorkTime-Combination (2013; 2010-2014)  Functional-Job (2011; 2007)  Functional-Income (2011;2007) |
| **Impresa2** | Wage (2002-2012)  WorkTime (2002-2012) | Employment (2003) | Wage-Job (2005; 2001)  WorkTime-Job (2005-2012)  WorkTime-Combination (2001-2008)  Functional-Job (2004-2011)  Functional-Income (2001-2008)  Functional-Employment (2008; 2009; 2011)  External-Job (2002-2009) |
| **Firma 1** | Wage (2004-2012)  WorkTime (2004; 2007) | Combination (2004)  Employment (2010; 2014)  Income (2010) | WorkTime-Combination (2010)  Functional-Employment (2007-2010) |
| **Firma 2** | Wage (2002-2013)  WorkTime (2000; 2004; 2007; 2007) | Employment (2012)  Combination 2000; 2002; 2005; 2012)  Income (2012)  Job (2004) | WorkTime-Combination (2012) |

*Source:* (xxx 2017)

1. Depth continues to be relevant at the sector-level (Clegg, 1976). It indicates the sector-level arrangements which facilitate (or hinder) the role of TUs in organising employees within companies and developing negotiating capabilities. The focus of this paper is on the role of depth at the company-level. [↑](#footnote-ref-1)
2. Early negotiations took place within the selected time frame [↑](#footnote-ref-2)
3. Single agreement [↑](#footnote-ref-3)