



CODEBAR-project

Final Report. Comparisons in Decentralised Bargaining

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This report is the result of cooperation between 8 research institute partners, comprising the following researchers: Ilaria Armaroli, Jan Czarzasty, Thomas Haipeter, Andrea Iossa, Niels Jansen, Marcus Kahmann, Ana Muñoz Ruiz, Valentina Paolucci (in collaboration with Tom Gormley and Bill Roche), Nuria Ramos Martín, Mia Rönnmär, Sophie Rosenbohm, Paolo Tomassetti, Frank Tros, Catherine Vincent, together with scientific committee members Łukasz Pisarczyk and Teun Jaspers. The author of this report is responsible for the interpretations of the findings, and remains solely responsible for any errors or omissions in the text and data presented in this report.

This Final Comparative Report in the CODEBAR-project is available on the project's website:

[CODEBAR - AIAS-HSI - University of Amsterdam \(uva.nl\)](https://codebar.uva.nl)

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1. The research approach and focus on the issue of decentralisation

Introduction of the problem

One of the main trends in labour relations across continental Europe – started already in the 1980s – is ‘decentralisation’. This involves a shift from multi-employer bargaining to single-employer bargaining with trade unions or to other workers representatives (Marginson, 2015; OECD, 2018; Traxler, 1995; Visser, 2016). This development continued in the last decade, even supported by some governments in European Member States after the Great Recession to deregulate wages and enhance labour market flexibility in the 2010s. At that time, also within the European Commission, there were voices that aimed to (further) decentralisation as an instrument to reduce the wage-setting power of trade unions (Müller & Platzer 2020; European Commission, 2012).

‘Decentralisation’ of labour relations is a buzzword with a container of definitions and meanings. Recent literature lends nuance to the trend of decentralisation by showing variations in national developments regarding the initiating actors and the intensity and patterns of decentralisation processes and the different factors that account for national differences (Leonardi & Pedersini, 2018; Müller, Vandaele and Waddington, 2019). In some countries, decentralisation is aimed by governments or by employers, trying to make trade unions’ negotiations and collective agreements more responsive to the needs and conditions of individual companies, not only by deregulation but often by more regulation in coordinating and setting new rules for ‘tailor-made’ dialogue, negotiations and agreements at decentralised levels. Other decentralisation processes in Europe are more ‘wild’ by breaking down traditional institutions, resulting in less national and sectoral coordination in regulating employment relations. Of course, quite a number of negotiations between employers and workers representatives take place without any influence from employer associations or from trade unions at more centralised levels. Most of the country reports show that in the last few years, a great deal of bottom-up emerged social dialogue have been initiated on issues like human resource management, social security and the impacts of the ‘green transition’ and COVID-19 on companies and labour. Types and degrees of decentralisation processes are the results of the strategies and power resources of the collective bargaining parties at several levels in the context of sometimes eroded or renewed institutions in collective bargaining regimes. Legislation and practices in collective bargaining by unions can meet or overlap legislation and practices in co-determination by unionised or non-unionised employee representation when the individual company becomes more the locus of employment relations at the company and workplace levels.

Why is it relevant to study decentralisation in labour relations and more specifically in collective bargaining? First, this is relevant for assessing the (future) position and roles of trade unions and employers associations at the cross-sectoral and national sectoral levels in the European Member States: do they still have representative voices and collective

influences in social dialogue and labour market regulations in often more diverse societies and more neo-liberal government than in earlier historical periods? Decentralisation risks also lower collective bargaining coverage if this goes hand in hand with erosion of national and sector levels (see Sections 2 and 3). There is a big difference between disappearing social partners' institutions or social partners that adapt to new, often more differentiated, realities. Some types of decentralisation might undermine the positions of trade unions and employers associations at the national, sectoral or regional level. Second, centralised and more coordinated collective bargaining regimes seem to perform better than decentralised and less organised regimes, in terms of wage equality and employment levels (OECD, 2018, Carnero, 2020). Third, unorganised decentralisation risks a 'race to the bottom' if wage levels and other terms and conditions of employment are not anymore protected by collective agreements. Labour relations are power relations where individual workers are by definition weaker than the employer; collective bargaining by independent trade unions can (partly) compensate for this unbalance.

Recently, collective bargaining has received more attention from European political institutions, and now in a more positive light. The European Council and European Parliament reached in 2022 political agreement to promote the adequacy of statutory minimum wages and thus help to achieve decent working and living conditions for European employees. Interestingly, as collective bargaining on wage-setting is seen as an important tool to ensure that workers can benefit from adequate minimum wages, the related directive aims to extend the coverage of workers through collective bargaining and to strengthen the capacity of social partners to engage in collective bargaining (including the protection of worker representatives). In some countries, like in Italy and Sweden, this is even more important because there is no national statutory minimum wage: here the minimum wage levels are defined by the lowest wage groups of the collective bargaining agreements. Decentralisation of collective bargaining however might be at odds with the aims of this political agreement. First, decentralisation might lower the overall bargaining coverage in European countries. Second, trade unions in European countries might have less capacity to bargain at the company level compared to more centralised levels.

The research approach

The research project CODEBAR – acronym for 'COMparisons in DEcentralised BARgaining') addresses from an interdisciplinary and multi-level governance perspective, different types of institutional change in collective bargaining regimes and the underlying aims of companies, government and subsequent responses of social partners to downward pressures on the locus of collective bargaining. Through literature and documents research and around 30 in-depth case studies of company level bargaining in the manufacturing industry, retail sectors and some other economic sectors, CODEBAR analyses the backgrounds, practices, stakeholders' experiences and effects of decentralisation and decentralised bargaining at the company level in eight EU Member States: France, Germany, Ireland, Italy, the Netherlands, Poland, Spain and Sweden.

The project is innovative in the field and has added value to the existing literature in labour relations and in collective bargaining. Many European studies on collective bargaining follow a more national approach in analysing institutions and developments at the macro level (see for example Leonardi & Pedersini, 2018; Müller, Vandaele and Waddington, 2019). This project investigates around 30 case studies at the company level in the context of national and sectoral regimes in collective bargaining for better understanding the approaches and behaviour of the collective bargaining parties and the effects of decentralisation processes at the *micro level*. In such a case-study design, the importance and impact of (lack of) power resources of trade unions and other actors involved and the strategic choices of individual employers and workers representatives at the company level can be more clearly analysed.

The focus of the project can be summarised in the following research questions:

1. What are the backgrounds, aims and institutional pathways of decentralisation in collective bargaining structures, and what are the (new) regulative opportunities and limits in company level bargaining?
2. What are the (new) strategies, power resources and practices of employers and trade unions in shaping decentralisation and in company level bargaining? Do (non-) unionised bodies of employee representation (such as works councils) play a role as substitutes or as partners of unions in decentralised bargaining?
3. What are the results of decentralisation regarding the balance and scope of company level negotiations and the quality of agreements? Do partnerships or conflicts emerge in the relationships between individual employers and trade unions and, if relevant, between the different representative worker bodies within the companies?

All eight national reports address the above mentioned research questions. The first question is addressed in the first two sections in each country report. After giving an overview of the backgrounds and characteristics of continuities and changes in national collective bargaining regimes, each report analyses at least three in-depth case studies of decentralised bargaining, based on interviews with bargaining parties and related documents. One in the manufacturing, one in the retail sector and one or two in other sectors. These cases give answers to the second question about strategies, practices and power resources of the bargaining parties, and co-operations or competitions between workers representatives in decentralised bargaining. These case studies give also answers to the third question about results and effects of decentralisation regards to the quality of negotiation processes, the quality of the agreements and maybe new relationships between different worker representative bodies.

This comparative report aims to present the overall comparative findings of the CODEBAR-project. First, Section 2 describes some basic institutional characteristics of collective bargaining regimes in the eight countries to make the point that there is a quite a great deal of variety of collective bargaining regimes within Europe and that issues and patterns/pathways of decentralisation can be only understood in the specific institutional and regulative national contexts. Section 3 will present the findings regarding the overall developments and impact of decentralisation in the eight countries in a theoretical

framework of different types, meanings and impacts of institutional change in collective bargaining. Sections 4 to 7 will discuss the most important or most remarkable qualitative findings in the case studies at the micro level in the eight European countries. These sections are explorative and do not aim to be representative. However, case studies shed qualitative lights and lead to better understanding of the interplay between social dialogue and collective bargaining institutions on the one hand, and the actors' strategies and practices in decentralised bargaining at the company level on the other hand. Section 4 will focus on sectoral varieties within national systems (manufacturing and retail). Section 5 will discuss beneficial institutional and organisational factors for decentralised bargaining with quite equal power relations and balanced outcomes, based on the qualitative findings in the case studies. In Section 6, barriers and limitation will be presented as well. Section 7 gives answers to the question if decentralisation is leading to new relationships between trade unions and works councils (or other employee representation) in dual-channel systems of worker representation. In the last section, the main conclusions will be presented, together with some challenges related to (further) decentralisation.

Eight country reports

This comparative report is based on the eight country reports from highly experienced academics and researchers in the field of industrial relations in these countries, together with additional literature and data sources. If in this report no references are made to specific sources, the information is drawn from the country reports in the CODEBAR-project. These reports are accessible at the project's central website: [CODEBAR - AIAS-HSI - University of Amsterdam \(uva.nl\)](https://codebar.uva.nl), and include:

France: Marcus Kahmann & Catherine Vincent (Institute for social and economic research IRES)

Germany: Thomas Haipeter & Sophie Rosenbohm (University of Duisburg-Essen)

Ireland: Valentina Paolucci (Maynooth university), Bill Roche & Tom Gormley (University College Dublin)

Italy: Ilaria Armaroli (ADAPT), in cooperation with Paolo Tomassetti

Netherlands: Niels Jansen & Frank Tros (AIAS-HSI, University of Amsterdam)

Poland: Jan Czarzasty (SGH Warsaw School of Economics)

Spain: Ana Muñoz Ruiz (University Carlos III-Madrid) & Nuria Ramos Martín (University of Amsterdam)

Sweden: Mia Rönmar (Lund University) and Andrea Iossa (Kristianstad University).

2. Decentralisation through different national regimes in collective bargaining

The countries that are involved in this project represent a variety in institutions in collective bargaining regimes. There are many institutional factors that count for these cross-country differences and that are relevant in this study on decentralisation. First is the national legal framework regarding the position and rights of collective bargaining parties, and the legal effects of their agreements to their members and their non-members (by extension systems). Second is the relations between collective agreements at the different levels: national/cross-sectoral, sectoral, multi-employer (in regions or in small company groups), company and sometimes even more decentralised at the level of establishments and departments.¹ Third is the relation between collective agreements and other workplace agreements with trade unions and/or with other bodies of employee representation such as works councils. Furthermore, main differentiating characteristics in collective bargaining regimes are collective bargaining coverage, scope of negotiating (wages and beyond) and more or less competing with (also yellow) trade unions as the workers' representatives. The eight countries do also represent a variety in the organisational, social and structural power resources of trade unions and employers.

We can cluster these eight countries in four groups, based on characteristics in production regimes and industrial relations regimes (see also Hall & Soskice, 2001; Crouch, 2005).

First, Ireland and Poland – despite their geographical distance – both represent a liberal market economy and both share a pluralist and fragmented industrial relations regime. Related to the low numbers of employees under sector bargaining in these both countries, Ireland and Poland are the two countries in our projects of low collective bargaining coverage: 34 percent in Ireland and around 13-20 percent in Poland. Employers and trade unions in Ireland voluntarily engage in collective bargaining, so trade unions have no fundamental right to bargaining, and their agreed terms and conditions of employment are not legally binding (Paolucci, 2022). Both countries have weak or no sector bargaining and relatively far more company bargaining. In Ireland, the financial crisis in 2008 was the death knell for the long period of centralised tripartite collective bargaining that spanned the period from 1987. As an effect, the main levels at which collective bargaining takes place are the company and the workplace levels. Sectoral bargaining still occurs in a number of low-paid and weakly unionised sectors, in construction and allied sectors and in public services (Paolucci, 2022). The collective bargaining regime in Poland is even more fragmented than in Ireland, and even came in a 'near-death experience' where the Polish legislator did not promote collective bargaining at all (Czarzasty, 2022). In Poland, fragmentation can be explained in the pre-1989 era of authoritarian state socialism, combined with bottom-up activities of trade unions

¹ In this book, we will use the word 'workplace level' in case of more decentralised levels than the company level, such as levels of departments or establishments within the company.

movements, representing a contrasting concept of union movement (Solidarity and OPZZ). The political reform towards liberalism led to a 'vacuum' in the industrial relations system with lack of employers' commitments in national and sectoral collective bargaining institutions and lack of unions' activities at the sectoral level (id). Ireland and de facto Poland do not have legal rights for non-unionised employee representative bodies at the company or establishment levels: both countries are characterised by having a 'single-channel system' in worker representation where unions are the only worker representatives for management (Glassner, 2011), although far weaker established and developed than in Sweden (Van Guyes, 2016).

Second, Sweden represents a model of organised corporatism with high collective bargaining coverage, based on autonomous bargaining without state interventions: there is no national legal minimum wage and no public extension mechanisms of sector agreements towards unorganised employers. Although sector bargaining is dominant, one could characterise the Swedish collective bargaining regime best as being multi-level in a stable and coordinated IR system. The Swedish regime of collective bargaining is characterised by multi-level collective bargaining with elaborate involvements of trade unions at sector and local levels, with a key role for sector agreements. In Sweden, strong legal rights and consultation practices of employee participation and co-determination is carried out within a strict *single-channel* system in worker representation where trade unions take part in information, consultation and co-determination at the workplace level (Rönmar & Iossa, 2022).²

Third, Germany and the Netherlands represent a model of a coordinated market economy with social partnership. The dominant level in collective bargaining is on the sector level. The biggest institutional difference with Sweden, besides some more (indirect) state influences in collective bargaining, is that Germany and the Netherlands have a *dual-channel* system in worker representation. Trade unions are the main representatives in collective bargaining, but works councils are representatives at the workplace levels and are formally not linked with trade unions. The collective bargaining coverage is medium to medium-high: 54 percent in Germany and 76 percent in the Netherlands. The role of the state in labour relations is in Germany (still) a bit less intertwined than in the Netherlands. Relatively new in Germany is the statutory minimum wage (introduced in 2015) and the instrument of extending sector agreements towards unorganised business is less used in Germany (Haipeter & Rosenbohm, 2022). The stability of the Dutch collective bargaining regime and its scope is supported by high use of the public extension mechanism in sectors where employer associations represent 60% or more of the employment in the sector (Jansen & Tros, 2022). In the Netherlands, once collective bargaining takes place at the sector level, then trade unions do not exploit activities at the company level, generally speaking (legally they can, and in some company cases, they

² In Sweden, the implementation of Directive 2002/14/EC on the information and consultation of employees and Directive 2009/38/E on European Works Councils has extended the rights of the non-established trade unions, but the major rights are still attributed to representatives of the established trade unions (Pietrogianni & Iossa, 2017).

also do). Meanwhile, in Germany, trade unions have bargaining rights on the company level if derogation clauses in sectoral agreements foresee such rights. However, this is restricted to some sectors where such clauses exist and applies only in the case of temporarily limited derogations. In Germany, works councils in larger companies (at least in some sectors like manufacturing) are involved in negotiating workplace-related working conditions or 'employment pacts', including pay above the wage norms of collective bargaining. In the Netherlands, works councils have strong legal consultation rights in the internal organisational areas, but do not have negotiation rights on topics that are already covered by collective agreements. Although institutions in both countries are roughly quite similar, we see substantially different degrees and patterns of decentralisation in both countries (Section 3) and also divergence in the developments in the relationships between trade unions and works councils in Germany and the Netherlands, which is due to the stronger presence of the trade unions in the companies in Germany (Section 7).

Finally, we can cluster the southern European countries – France, Italy and Spain – characterised by more state regulated production and industrial relations regimes. All three countries have high collective bargaining coverage, are dominated by sector level bargaining and have a relatively higher role of the state in collective bargaining. This includes extension mechanisms towards unorganised businesses. France has a longer tradition in state interventions in stimulating and even obliging company level bargaining (already in the 1980s), on top of the dominant sector level bargaining practices (Kahmann & Vincent, 2022). But also in Italy, additional bargaining on the company level takes place on wages and other topics, but then in the framework of the social partners themselves (Armaroli & Tomassetti, 2022). Spain introduced new legal reforms to promote company derogation options from provisions in sector agreements after the Great Recession (Ramos Martín & Muñoz Ruiz, 2022). Interestingly, the Spanish left-wing coalition government has restored the primacy of sectoral wage bargaining over company wage bargaining in 2021 (id.). In Italy and Spain, more or less unionised works councils or mandated representatives can formally negotiate collective agreements alongside or instead of trade unions. In France, collective bargaining rights for non-unionised employee representatives is legally embedded if no union is present.

Table 1: characteristics in collective bargaining regimes in eight European countries

Country	Collective bargaining coverage ³	Dominant level bargaining regime ⁴	Status works council ⁵	Involvement works councils in wage negotiations ⁶	Trade union density
France	98 %	Sector	Embedded by law/social partners	Yes, if no union is present	11 %
Germany	54 %	Sector	Embedded by law/social partners (obligation when workers want to)	Informally (rare, incl. wages above the general pay scale)	17 %
Ireland	34 %	Company	Voluntary	Rare	24 %
Italy	100 %	Sector	Embedded by law/social partners (no obligation)	Yes	34 %
Netherlands	76 %	Sector	Embedded by law/social partners (obligation when	Rare (but recent cases)	17 %

³ Years 2017-2020. 'Proportion of employees covered by collective (wage) agreements in force among employees with the right to bargain based on combined administrative and/or survey data sources'.

⁴ Years 2018-2020. 'The predominant level at which wage bargaining takes place (in terms of coverage of employees)'.

⁵ Years 2018-2020. Existence and rights of works council or structure for (union and non-union based) employee representation within firms or establishments confronting management are mandated by law or established through basis general agreement between unions and employers (= 'embedded by law/social partners'). Works councils (etc.) are voluntary, i.e. even where they are mandated by law, there are no legal sanctions for non-observance (= 'Voluntary'). Works council or similar *union or non-union) based institutions of employee representation confronting management do not exist or are exceptional (= 'Not existing/exceptional').

⁶ Four categories. (1) Works councils (or mandated representatives) formally negotiate (plant-level) collective agreements, alongside or instead of trade unions ('Yes'). (2) Works councils (or mandated representatives) formally negotiate (plant-level) collective agreements, if no union is present (and/or subject to ballot) ('Yes, if no union'). (3) Works councils is formally (by law or agreement) barred from negotiating (plant-level) agreements, but informally negotiate over workplace-related working conditions or 'employment pacts', including pay ('Informally'). (4) Works councils is formally (by law or agreement) barred from negotiating (plant-level) agreements and involvement of works councils in negotiating (plant-level) agreements is rare ('Rare').

			workers want so)		
Poland	13 % (20%)	Company	Voluntary (some legal base from 2006)	Rare (no)	12 %
Spain	80 %	Sector	Embedded by law/social partners	Yes	15 %
Sweden	88 %	Sector	Not existing (Only channel of unions)	-	66 %

Source: OECD/AIAS ICTWSS database, February 2022. OECD/AIAS ICTWSS database - OECD (between brackets are nuances based on our research).

3. Institutional change and pathways in decentralisation

3.1 Theoretical framework for institutional change

The country reports in the CODEBAR-project show different forms of institutional change in collective bargaining regimes after the economic and financial crisis of 2008/2009 with different results. We see a breakdown of collective bargaining structures in Germany and Ireland and no resurrection of already earlier broken down institutions in Poland. Most change towards decentralisation, however, is gradually and incremental in the eight countries that are involved in the project. But as Streeck & Thelen (2005) have argued, incremental institutional change can lead over time to real in-depth changes. Streeck & Thelen (2005) distinguish the following types of gradual institutional change that can be applied to the issue of collective bargaining and its assumed transformation towards decentralisation:

(1) *displacement*, in which dominant institutions are gradually becoming less important, while subordinate institutions are becoming more important. In the context of decentralisation of collective bargaining, this is the case when the institution of sector bargaining is replaced by the institution of company bargaining. Or, in its disorganised form, when sector or company level bargaining with trade unions are replaced by single-company arrangements where established trade unions are replaced by 'yellow unions' or non-unionised workers representatives within the company (such as works councils in dual-channel systems of worker representation).

(2) *layering*, in which new elements are added to existing institutions. In relation to our topic, this can be the case if the state adds more formal opportunities for company level bargaining through changing national legislation on collective bargaining (Rehvelde & Vincent, 2018; Vincent 2019). Also, social partners in sector agreements can add more competences to individual employers and more decentralised bodies of workers participation in traditional collective bargaining issues (Marginson, 2015).

(3) *drift*, in which existing institutions are not maintained and not adapted to changing environments, leading to less scope, meaning and function of the institution. Sector bargaining can lose a grip on reality and die out when it is not responding to the involvements and needs of (new) companies in the sector or (new generations of) workers. A development of less compliance of collective agreements might be put in this category when companies see collective agreements as 'non-relevant' or just as 'informal guidelines' that do not have to be automatically put in practice.

(4) *conversion*, in which institutions are formally not changing but are interpreted and used by actors in another way that might lead to other effects of the same institutions. For example: if employers become more powerful in industrial relation and do use collective agreements more as management instruments for efficient HRM and for company interests, instead of using collective agreements social contacts in balancing workers and employers interests, collective bargaining is changing functions (see for example Keune, Been & Tros,

2020). Baccaro and Howell (2011) showed that in some European countries centralised bargaining has been converted to ‘fit the common imperative of liberalisation’ (such as in Ireland, Italy and Sweden) through giving more employer discretion in the period 1974-2005.⁷

3.2 Evidences in types of decentralisation

In this section, I will give an overview of the most evident decentralisation trends in the eight studies countries in the theoretical categorisation of institutional change.

3.2.1 Breakdown

Collective bargaining institutions in Poland and Ireland have faced the most structural and disruptive changes in the last decades.

In Poland, the number of collective agreements is low and falling, and collective bargaining is almost dead with just less than 50 new collective agreements in both years 2020 and 2021 (resp. just 14 and 20 thousand workers are covered by these new agreements). Despite the ratification of the ILO Convention 98 and the European Social Charter, the Polish state is not promoting or supporting collective bargaining. Employers fear obligations that can hinder their competitive powers. The Polish Trade Union Act promotes a fragmented and establishment-centred trade union movement that cannot overcome the liberal and flexible business strategies.

In Ireland, with the financial crisis, employers withdrew from social partnership in 2009 that also led to a further drop in collective bargaining coverage from 41 percent to 34 percent in the period 2009-2017 (OECD/AIAS database). The erosion of collective bargaining structures in Ireland begun already earlier; in 1985, collective bargaining coverage was at a far higher level of 70 percent. As a response to their lost power in national social dialogue, trade unions focused their strategies on transforming towards company level bargaining and towards some degree of horizontal coordination through ‘pattern bargaining’ in the 2010s.

3.2.2 Displacement

The project found not that much evidence of direct replacements of sector bargaining by company bargaining in the eight countries. Despite some processes of intensification of company level bargaining or social dialogue at the enterprise level or growth of formal opportunities to derogate from central regulations, sector bargaining in for example France, Italy, Netherlands, Spain or Sweden was not displaced. Nevertheless, there are two examples that might be interpreted as ‘displacement’.

⁷ There is a fifth form distinguished: exhaustion, in which institutions gradually fade away. But as the authors themselves already acknowledge, this is not about institutional change but about institutional breakdown (Streeck & Thelen, 2005: 29).

A part of the recent legal change in the collective bargaining regime in France, might be seen as institutional *displacement* because in 2017 Macron reduced the sector bargaining agendas to four areas while appointing more topics for company bargaining. This can be interpreted as a weakening of sectoral bargaining in France (Kahmann & Vincent, 2022). However, empirical research in France conclude that such a displacement is not unidirectional because the sector level in the industrial relations system is still important and the company level lacks sometimes significance. Therefore, the main institutional mechanism of decentralisation in France seems to be better interpreted as institutional *layering* (see later).

3.2.3 Layering

All the reports on countries where multi-employers (sector) bargaining is dominant, observe processes of layering in their collective bargaining regimes. Decentralised elements have been added to existing institutions, but not (automatically) leading to lower importance of institutions at the sector and/or national levels. Layering can refer to additional wage or other remuneration bargaining on the company level on top of national sectoral wage standards or can refer to additional topics in collective bargaining on the company levels.

The most evident and broadly introduced layering is seen in France as a result of the Macron laws from 2017. This is first because the government added new decentralised topics at the list for company bargaining. In this new collective bargaining architecture, coordination between levels is no longer based on the ‘favourability principle’ but rather on the complementarities of bargained topics (Kahmann & Vincent, 2022: 13-16). Since the 1980s, the topics for compulsory negotiation at the company level have increased over time. After the last reform, this concerns (i) remuneration, working times and the sharing of added value (like in profit-sharing); (ii) professional equality between men and women and the quality of working life; and (iii) strategic workforce planning, subcontracting or temporary employment. All remuneration rules are now solely governed by the company agreement, with the exception of agreed minimum wages, classifications and overtime premium. Within the system, since the 2017 Macron Ordinances, it is possible to adapt the methods and frequency of these compulsory negotiations by company agreement as well. A second addition in decentralised bargaining is that the government extended the possibilities for non-union representatives to negotiate with the employer in non-unionised workplaces. These reforms have indeed led to more activity at the company level. The number of agreements in companies grew from around 31,000 in 2017 to around 50,000 in 2019, incl. SMEs. Nevertheless, at the same time, sector bargaining continued being important and the use of derogation from sectoral agreements remains limited in case of ‘economic survival’ (Kahmann & Vincent, 2022). In addition to new topics in decentralised bargaining, sectoral agreements leave room for additional wage bargaining on the company level (mostly used among bigger companies regarding variable forms of pay like profit-sharing schemes (id).

In Germany, it have been the collective bargaining parties themselves – for example in manufacturing – that have given the stakeholders at company level regulatory competences to derogate from sector agreements (Haipeter & Rosenbohm, 2022). This

cannot be interpreted as ‘displacement’ towards works councils, because in this derogation pathway, the trade union stays the main actor. It is estimated that around 20 percent of all companies in Germany have used some opening clause. This can be seen as part of a longer existing process of ‘*verbetrieblischung*’ where works councils do play a bigger role than in the past (Haipeter & Rosenbohm, 2022).

Italy is characterised by a great deal of additional wage bargaining at the company level on top of the wage levels set at national and sectoral levels (Armaroli & Tomassetti, 2022). Such secondary bargaining takes place in about twenty percent of the workplace, mostly in bigger companies. In Italy, since the 2009 economic crisis, opening clauses have increased the scope for company bargaining to derogate from standards set under sectoral agreements. Cross-industry collective agreements opened up to a process of organised decentralisation: the scope of decentralised bargaining continues to be defined by National Collective Labour agreements, yet opening clauses entitle decentralised bargaining to deviate from standards set by the national agreements, provided that the derogatory agreement is approved by sectoral trade unions (see further Armaroli & Tomassetti, 2022: 10-11). Moreover, the Italian government tried to stimulate so called ‘productivity agreements’ at the company level enhancing flexibility in payments and working hours and direct employee participation. However, all new layered regulations in the Italian collective bargaining regime did not create much change in practices. This seems quite similar to some other countries with low impacts on (derogation) reforms in the beginning of the 2010s (Keune, 2011). Decentralised bargaining practices in Italy seem to have grown more as a result of an intensification of (bottom-up) autonomous dialogue in large companies in the last five years on certain topics, such as health, supplementary pensions, social benefits, skills and smart (mobile/tele) working in times of COVID-19 (Armaroli & Tomassetti, 2022).

In the Netherlands, already since the 1980s, sector agreements have been cautious given options in ‘tailor-made’ implementations at the company level, although wages are never part of decentralisation in case of sector bargaining (Jansen & Tros, 2022). Rarely have trade unions been given bargaining rights at the company level (such as in the metal and electrotechnical industry), while a little bit more so are works councils given extra co-determination rights in sector agreements, although not in the wage area and mostly concentrated on working hours only). So, this institutional layering within the framework of sector bargaining is not that substantial in the Netherlands. Sector parties are not that generous in delegating, also because unions are quite weak in their activities at company level (unless in case of company agreements of course) and employers do not want to ‘negotiate double’. Less than in Germany, works councils in the Netherlands have no tradition in bargaining in the area of terms and conditions of employment (see Section 7).

Spain has also a tradition of additional wage bargaining in large (manufacturing) companies. Spain is the clearest example in which the *government* after the financial crisis unilaterally stimulated collective bargaining at the company level, especially on the issues of flexibility in wages and working hours (Ramos Martín & Muñoz Ruiz, 2022). This is in the context of aiming deregulation, supporting the employers’ interests in economic difficult

times. Such company agreements could deviate from the labour standards set at sector level, and was indeed also done since 2012 in some companies in which lower wages/hours were traded off for fewer layoffs. Trade unions saw this imposed decentralisation as a way to undermine their positions, which also led to strikes and unrest in social dialogue at national and sectoral levels. It has to be said that Spanish unions have weak positions at the decentralised level, especially in smaller firms, and (therefore) want to keep their relatively strong positions at sector level. Quite similar to other countries, the new created possibilities for derogation have had low impacts on the structure of bargaining. Or to put it in words of our theoretical model: this *layering* by adding decentralised elements has not led to *breakdown* or *displacement*. Interestingly, in 2021 the Spanish government restored the primacy of sectoral collective bargaining by preventing company bargaining with the purpose to escape the sectoral collective agreement, for example with non-representative employee representation at the local level.

In Sweden, we see an established practice of ‘organised decentralisation’ in many sectors of industry, coordinated in multi-level systems (Rönmar & Iossa, 2022). Also on wages, Swedish companies negotiate with trade unions over extra wages or other remuneration elements. Despite the relatively strong traditions in regulating labour relations at the company level, there is no hard evidence on growing decentralisation in Sweden. Even stronger said, the country report observed current debates on the limits of decentralisation: both sides in the Swedish case in the public sector express a need in more normative and binding collective bargaining regulation at national, sectoral and/or regional levels. In addition to sectoral varieties in centralisation and decentralisation, we see also more centralised patterns regarding blue collar workers in production and more decentralised patterns for professional white collar workers (id).

In addition to ‘institutional layering’ through adding formal competencies and opportunities for decentralised negotiator, there is also the more autonomous trend in European countries of increased intensities of social dialogue or widening the bargaining agenda at company level within the given institutions, that can be interpreted as ‘layering’ (see Section 4.1 on ‘integrated bargaining’).

3.2.4 Drift

It is quite remarkable that the country reports do not report that much on processes that could be interpreted as ‘institutional drift’. In a context of decreasing membership in trade unions and in employer associations and more neo-liberal and individualistic ideas in politics and society, one should theoretically assume that there are processes where older ‘traditions’ as collective bargaining should gradually fade away through processes of less scope and/or less meaning for companies, workers or workplaces. Maybe such changes of ‘gradual dying out’ of collective bargaining in certain sectors might be the background of the earlier mentioned ‘breakdown’ processes in Ireland and Poland.

A kind of ‘institutional drift’ is the development in Germany so that, although employer associations continue sector bargaining, it is not anymore automatic and self-evident that their members follow the sector agreement that is co-signed by their association. This is a cultural change leading to less employer support in the meaning and functioning of sector bargaining and making agreements with trade unions. Companies’ needs for more price competition and more flexible company strategies are also visible in other countries, but remarkable for the German case is that some employer associations in Germany created ‘opting-out’ opportunities in which companies can be members but without being covered by sector bargaining. Between 2000 and 2019, collective bargaining coverage fell by 16 percent from 68 to 52 percent. As a response on pressures in membership, some business organisations in Germany have created ‘opted-out’ options in which organised individual employers can choose for not being covered by collective bargaining in the sector (Haipeter & Rosenbohm, 2022). More than for example in the Netherlands, this leads to ‘institutional drift’ because of the more limited use of the external extension mechanism to cover the unorganised businesses. Institutional drift in Germany is further favoured by declining union density from 25% in 2000 to 17% in 2018. In other countries that also have faced declining trade union membership, breakdown and institutional drift are hindered by legal extension mechanisms in which non-membership among employers do not give an incentive to be ‘liberated from’ sector agreements. Where there is no extension asked in the Netherlands, such as in the IT sector, the same opted-out option in the employers association is visible. However, the difference with Germany is that the Dutch employers in almost all other sectors still ask for extension to all companies in the sector (Jansen & Tros, 2022).

Although substantially quite different, also the claim in the Polish report (Czarzasty, 2022) that collective bargaining, even when it takes place, is often *ritualistic* with no substantive outcomes that could be interpreted as ‘drift’ (in the assumption that it was different in the past).

3.2.5 Conversion

In some countries, a trend in collective bargaining is visible towards more trade union consultations and involvements in the economic, business and HR strategies of individual companies (beyond or besides negotiating wages and other terms and condition of employment). Here, collective bargaining might be converted into social dialogue that is oriented towards the companies’ interests. Representing and defending worker interests might be put in second place. This factor can be seen in the cases of big firms in France. Perhaps also derogations in Germany can be labelled as conversion, as here trade unions demand investments and, in a way, try to play the role of the employer, a new kind of productivity pact in which the trade unions are demanding productivity increases so that the companies can return to the collective bargaining norm (Haipeter & Rosenbohm, 2022).

Another form of institutional conversion is sector agreements that just mimic the legal standards (Poland, general) or that regulate just very low labour standards where some trade

unions are not willing to set a signature because of its low quality (Netherlands in retail). Employers can also ask the help of non-representative, employer-friendly 'yellow unions', as we have seen in cases in Italy ('pirated contracts') and in the case of the e-commerce company in the Netherlands.

In Table 2, a summarising overview is given.

Table 2: Types of institutional change in decentralisation in eight European countries

	Uncontrolled decentralisation <i>breakdown</i>	Replacement: from sector to company <i>displacement</i>	Adding decentralised elements <i>layering</i>	Loosing grip <i>drift</i>	Other use/effect of collective bargaining <i>Conversion</i>
France	-	less topics for sectors, more topics for companies	More topics in company bargaining, opportunities non-union representation		
Germany	Decline collective bargaining coverage, <i>opted-out</i> employer associations	Shifts to works councils	Opening clauses/derogation from sector agreements	Less employer support for collective bargaining	
Ireland	Collapse social dialogue central levels, bottom-up union mobilisation				
Italy			Derogations; 'productivity agreements', broadening of autonomous bargaining in large companies		Pirated contracts
Netherlands			Decentralisation provisions in sector agreements		Non-representative unions
Poland	Low and falling collective bargaining			Fragmentised, workplace-centred practices	Just copy legal standards
Spain			Derogation options company level		
Sweden			Decentralisation options in multi-layered frameworks		

3.3 Similarities and differences in decentralisation pathways

From a theoretical point of view, we can distinguish disruptive and structural changes in collective bargaining institutions from incremental changes that can change the meaning, scopes and impact of collective bargaining institutions. In the last category, we can distinguish four types of institutional transformation in national collective bargaining regimes, such as displacement, layering, drift and conversion. The dominant trend in the eight countries that have been studied can be labelled as gradual ‘layering’: more company bargaining on top of and within national and sectoral structures. This is more than institutional breakdown or displacement of national/sector structures by individual company level bargaining. Nevertheless, three countries show disrupted changes regarding a breakdown of collective bargaining: Germany, Ireland and Poland. The widely known existence of employers’ pressure towards (further) decentralisation, deregulation and shaping new flexibilities at the company level have led to more divergence in terms of levels of collective bargaining and collective bargaining coverage. Institutional pathways in initiating and shaping decentralisation and flexibility at the company level are dependent on legislation on collective bargaining and co-determination, governmental policies and the strategies and power of trade unions and employers associations.

Across some countries, one might observe convergence in the way of organising decentralised bargaining through articulation in multi-layered systems, while maintaining the social partners’ control-function at sectoral level. This is the case in Italy, Spain, the Netherlands, Sweden and the non-eroded parts of Germany. Degrees and methods of layering towards companies are dependent on sectors of industry (Section 4), employer support in centralised structures and the power of trade unions to maintain sectoral structures and to shape (new) regulations and practices in decentralised bargaining (Sections 5 and 6). Union willingness to further delegate decision-making towards the management and workers representatives at even more decentralised workplace levels (such as establishments, business units or departments) is dependent on being part of a single- or dual-channel system of worker representation (Section 6).

4. Sectoral varieties in decentralised bargaining

Institutional changes in national collective bargaining regimes have different impacts in sectors of industry because of different firm company characteristics, labour markets and workers characteristics, and different power resources and strategies of collective bargaining parties in the sectors. At the same time, we see sectors themselves having their own developments in business structures, technological developments, working populations and labour relations. National institutional contexts might be less significant than often assumed (Bechter et al 2012, Keune & Pedaci, 2020).

4.1 Manufacturing

There are many reasons why we would expect more organised forms of decentralisation in manufacturing sectors. One reason is simply because there is more to deregulate and to decentralise in collective bargaining institutions and sector agreements in the industrial sectors, compared to service sectors. Trade unionism and collective bargaining in Europe grew over decades of industrialisation, and the manufacturing sector played a leading role in the development of labour relations in the 20th century in Europe. In the 21st century, it is also the manufacturing sector that is an important arena for change in collective bargaining. Export-exposed manufacturing companies in Europe face increased global competition in the 21st century, increased diversification in the digital technology that they use and the continuing need for restructuring jobs and workplaces, and that all might increase the need for more 'tailor-made' responses in labour strategies and related demands for flexibility in labour costs, working hours and qualifications of the workers. It is quite commonly assumed and confirmed that the shift to post-Fordist production, with an emphasis on flexibility, has unleashed pressures for bargaining decentralisation (Traxler & Brandl, 2012). The country reports illustrates lower shares of blue collar workers and higher shares of white collar workers that mostly tends towards less unionisation and less centralisation. Also in the current years, manufacturing firms in Europe need to adapt to the global pandemic situations of COVID-19 and need to speed-up their 'green transitions', both having great impacts on jobs, quality of work, and organisation flexibility. In their global competition on prices and quality, employers might ask for (temporarily) derogations from national and sector regulation. For sure, continuing innovations in technology and organisation of work ask for continuing social dialogue with employee representatives in HR issues as well. Furthermore, the still quite high membership levels among trade unions and more established bodies of employee representation in manufacturing companies could lead to more willingness among trade unions to decentralise, and could lead to more intensified interactions with the individual employer and management at the company level.

Explained by national and sectoral path-dependencies, we see continuing cross-country heterogeneities in the manufacturing sector. From advanced multi-level bargaining in Sweden and Italy, to cautious decentralisation in the Netherlands, to a mix of coordinated

and wild decentralisation in Germany and company bargaining in Ireland and Poland. On the one hand, in this sector we see attempts in making sectoral standards less strict and to leave companies more or less elbow room to deviate or to opt out. On the other hand, decentralised bargaining practices can grow through intensified use of the 'favourability principle' or through growth of autonomous bargaining and social dialogue at the company level, in addition to national and sectoral agreements, which we see more in large companies in France, Italy, Spain and Sweden. The manufacturing case studies in Ireland, the Netherlands, Poland and France describe the autonomy of the company in collective bargaining, independent from sector bargaining.

Haipeter, Armaroli and Iossa (forthcoming) state that collective bargaining in the manufacturing sector in many countries set general trends and patterns in collective bargaining for other sectors in the countries. As in earlier decades, industrial relations in the manufacturing sector are influencing national developments in the 21st century. Where industrial social partners were innovators in collective labour relations in Fordist times, they seem now to be forerunners in organised decentralisation pathways. This finding might lead to less cross-sectoral diversification than it is often assumed.

Integrated bargaining

More than in the retail sector, the company cases in manufacturing show collective bargaining and social dialogue on a wide range of topics, with higher performances in the power balance in negotiation processes and quality of bargaining outcomes. Interests of individual employers and trade unions are overlapping in 'integrated bargaining' practices to produce 'win-win' results in issues like labour productivity, worker sustainable employability and job protection.⁸ This is not to say that no improvements could be made, such as more innovative actions at decentralised levels from more competent trade unions (for example Italy), more independent unions in large firms (for example France) or earlier involved unions in case of restructuring (for example the Netherlands).

One thing that is positive is that case studies in manufacturing across the countries found that decentralised bargaining practices have adopted recent issues related to the COVID-19 pandemic and its impacts on organisations, labour, teleworking or mobile work or other 'smart working' practices. The Swedish report is especially convincing in describing how an established practice and experience of cooperation and negotiation at the local level recently led to the finalisation of thousands of local collective agreements on handling the effects of the pandemic at the workplace level (Rönmar & Iossa, 2022; Haipeter et al, forthcoming). Also in the Polish manufacturing case, the trade union is a participant in various COVID-19 task forces and crisis teams; remedial measures are mutually agreed and jobs are guaranteed until 2023. Sometimes the pandemic context strengthened social dialogue at company level or the connections between trade unions and bodies of employee participation within the companies. In the Dutch manufacturing case, the trade unions found a place in

⁸ *Integrated bargaining* with positive sum results can be disentangled from *distributive bargaining* with zero-sum results (such as on wages).

tripartite dialogue with the employer and works council to make new regulations in the organisation and compensation for teleworking during the crisis but also for the near future in the aim for better work-life balance for the employees.

Employee representation

The case studies in manufacturing also suggest more activities of non-unionised representative employee participation on top of collective bargaining. Involvements of works councils on derogations and under the leadership of trade unions in the German company cases in the manufacturing are high (Rosenbohm & Tros, 2022). In the Dutch manufacturing case, we see high performances of the works councils' consultation practices in HR and organisational issues (including continuing restructuring, acquisitions and transfers) but their involvements are not coming in the area of trade unions' collective bargaining on terms and conditions of employment. In contrast to the manufacturing case in Germany, the manufacturing case in the Netherlands show low interactions and low overlap between trade unions' collective bargaining and works councils' activities in employee participation, although the trade union would like to be more involved in co-determination issues (Jansen & Tros, 2022). The manufacturing case in Sweden presents a mutually reinforcing and synergetic relationship between collective bargaining on the one hand and information, consultation and co-determination on the other hand (Rönmar & Iossa, 2022). This is supported and can be explained by the Swedish single-channel system of trade union representation where no or less tensions exist between the systems of collective bargaining on the one hand, and employee representation, information, consultation and co-determination on the other hand.

4.2 Retail

Theoretically we might assume less need for organised decentralisation in retail because of less heterogeneity in technology, work organisation and labour strategies compared to the manufacturing sector. Global competition is by definition lower, although local competition can be high. Fewer trade union memberships and fewer developments in unionised workers participation in retail companies make decentralisation a less rewarding strategy for unions. However, power relations between employers and workers are more unequal than in manufacturing, leading to the assumption that breaking down sector institutions and wild forms of decentralisation will meet less resistance from trade unions. Weak collective positions of workers are related to the many low-paid jobs, all kinds of (small) atypical employment contracts, less needs for vocational educational training/lifelong learning and short-term employment contracts among young people.

Fragmentation

Country reports show fragmented and unstable collective bargaining structures in the retail sectors. In many countries, retailers miss the pressure of trade unions as a reason to coordinate, leading to a fragmented structure of employer associations and partly non-organised retailers (with the exception of Sweden). The relatively low 'threat' of trade unions combined with the 'low productivity road' could be the reason that retailers have less incentives to be collectively organised. More than manufacturing companies, retailers can go their own individual way, such as we see in 'pirated contracts' in Italy or exclusion of the largest trade union FNV in collective bargaining in the Dutch retail. In the German retail sector, wild and uncontrolled decentralisation is the main trend, and this trend is bigger than in the German manufacturing sector (Haipeter & Rosenbohm, 2022)

Nevertheless, national institutions can limit fragmentation in collective bargaining in the retail sector. Sector agreements, also in retail, can be supported by public law that extends to retailers that are not members of the employer associations. In Sweden, the retail sector shows quite centralised wage-setting mechanisms compared to other sectors in Sweden (Rönmar & Iossa, 2022). There might be a structural reason for centralisation in retail, namely the high amount of SMEs. In general, many small companies in the sector might lead to business preferences in centralisation (Bulfone & Afonso, 2020). In the Netherlands, sectoral collective agreements in retail are used by SME companies as the 'HR manual' because they are too small to make themselves HR policies. Retailers and trade unions might have a common interest in setting a level playing field in the sector regards to wages and other labour costs (although at low level) to prevent a real risk of a 'race to the bottom' in terms and conditions of employment.

Employee representation

Lower levels of union representation in the retail sector does not mean that alternative bodies of non-unionised employee representation fill in the gap. On the contrary, works councils in Germany, the Netherlands and France are to a lower extent established in retail than in manufacturing, and are mostly more weak than the councils in manufacturing as well. Also in Italy we see a combination of many factors that lead to lower representation of workers in retail companies by unions and by other (non-unionised) employee representation: lower union density, smaller company sizes and more presence of 'atypical' workers groups (migrants, young workers, flexible contracts). 'The need of large and geographically dislocated companies to uniform labour conditions across their many establishments is shifting the focal point of decentralised bargaining from single workplaces towards the group or corporate level, thus widening the gap between second-level collective provisions and their signatory parties on the one hand, and workers and their shop floor representatives on the other hand' (Armaroli, & Tomassetti, 2022: 62).

The revitalising 'case study' in Germany in the fashion discounter along the consecutive and interrelated steps in i) successful installation of a works council, ii) unionisation of its staff, iii) recognition of the trade unions to enter collective bargaining and

finally iii) strategic cooperation between unions and the works council, seems quite unique and is not representative for the German retail sector (Haipeter & Rosenbohm, 2022: 68-70). At the same time, however, this case study shows potentials in organising workers in a context of bad working conditions – and bringing individual companies (back) into collective bargaining regimes – that might be copied in other companies as well.

Union power resources

Power resources of unions are low in the retail sector because of the earlier mentioned fragility in collective bargaining structures, low degrees of consultation and co-determination activities at the workplace, and because of trade unions' low memberships (with the exception of Sweden). Low memberships are related to the workers' characteristics. Many employees in retail are of young age, female, low skilled and have small part-time and other flexible labour contracts (Paolucci, Czarzasty, Muñoz Ruiz, forthcoming). Lack of a fundamental social base of trade unions has, first, effects on low acceptance or sometimes even hostility among employers towards unions. This factor has strong implications in Ireland and Poland where the majority of retail employers do not recognise unions for collective bargaining within its highly voluntarist system. Once they are recognised, the two Polish retail-cases show barriers for trade unions to develop activities in real practice that limits their affective influence in improving terms and conditions of employment (Czarzasty, 2022). All retail-cases across the countries suggest more unequal balance in bargaining processes and quite limited outcomes of the negotiations. The lack of power of the established trade unions in the Netherlands led to agreements in retail with only signatures of smaller or 'yellow' unions (Jansen & Tros, 2022). The Dutch retail case points to deteriorating labour standards when trade unions were not anymore welcome at the bargaining table in the distribution centres of a large supermarket.

4.3 Conclusions

Comparing the case studies in the two sectors lead to the conclusion of more organised decentralisation in manufacturing and more wild decentralisation in retail, linked to different structural characteristic of companies and workers and different trade unions' power resources. This research confirms the statement that 'sectoral differentiations in industrial relations do not replace national differentiations in industrial relations' (Bechter, Brandl & Meardi, 2012), because national institutions matter in the way that they can prevent collective bargaining in the retail sector not to fall 'too deep' and to maintain sector institutions. Both levels are more or less equally important, although different by country. In Sweden, national characteristics in high trade unions memberships and multi-layered collective bargaining seem to produce less sector variety than other countries. In Germany, the difference in unionisation between the two sectors leads to more erosion of sector bargaining in retail. In the Netherlands and Italy, it leads to agreements with fewer

representative unions in retail and lower labour standards in collective agreements in retail. In the Netherlands because this is an employer strategy to bypass the legal extension of sector agreement with larger and stronger trade unions. In Italy, employers can use national structures to organise flexibility and competitiveness functions (Armaroli & Tomassetti, 2022: 61). In a context of general bad working conditions in retail, trade unions across Europe try to organise and activate workers in large retail companies to build up company level bargaining (Ireland, Germany) or to fight for continuation of their position at company level (Netherlands, Poland). In manufacturing, trade unions have more established positions to bargain on 'higher end' topics like productivity, restructuring, and competitiveness.

Nevertheless our research makes clear that there are more 'divisions' than sector. Especially in Italy, sector differentiation seems to play a less dominant role than company size and position in the value chain. The Italian report conclude that the two-tier model of organised decentralisation do not fit anymore the large companies at the top-end of the value chain and neither the small companies at the lower positions of the value chain. The first group prefers fully decentralised bargaining at the company level, and the preferences of the second group leads to a centralised – though highly 'perforated' – bargaining model, for example by loopholes within traditional collective bargaining and treats by pirated contracts' (Armaroli & Tomassetti, 2022: 60-62).

5. Beneficial factors in balanced decentralised bargaining

Before going in depth about beneficial conditions in company level bargaining, it is first important to stress that decentralisation and company bargaining is not something that is by definition something good or to be preferred above multi-employer bargaining. It has to be balanced and fair in its intention, its dialogue and negotiation processes and its outcomes. Indicators for *balanced* company bargaining that were integrated in the case study methodology are:

- embeddedness in a legal framework and broader collective bargaining regime with employers' commitments
- access of established, representative and independent trade unions to the bargaining table at company level
- relatively equal power positions between individual employer and worker representation in professional negotiation processes
- broader scope of bargaining agenda's than only wages and working hours (but also job protection, education, co-determination, consultation in HR and business strategies), or to put it in a game theory: not only distributive bargaining (trade-offs, zero-sum game) but also integrated bargaining with win-win outcomes (Walton & McKersie, 1965)
- bargaining outcomes that are not only beneficial for the employer and the company but also beneficial to employees

Labour relations and collective bargaining are based on power relations between employers and employees and between collective bargaining parties. Trade unions are central in organising and representing the less powerful stakeholders: the workers. Also in this study we focus on the power in the position and strategies of trade unions in collective bargaining, specifically in their responses on state and employers initiated decentralisation, but also in their own initiatives to represent employees on the company or workplace level.⁹ Literature distinguishes four different dimensions of power resources of trade unions (Müller & Platzer, 2018; Müller et al, 2019; etc.).¹⁰ The first dimension is '*institutional power dimensions*' relating to trade unions' legal recognition in collective bargaining at the several levels and the rights and obligations of the bargaining parties at the several levels. Institutional factors are also relating to legal and regulative support for employers in multi-employer bargaining and its (legal) extension to unorganised employers. The second dimension concerns '*organisational power resources*': the capacity of trade unions in organising and participating in social dialogue and collective bargaining, and more specifically also in controlling decentralisation and influencing company level bargaining. Organisational power is not only

⁹ Employer associations have also the distinguished power resources dimensions. But we do not focus on this here.

¹⁰ Where trade unions are central in this study, as written before, these dimensions of power resource might theoretically be broadened to employers and their associations.

dependent on unions' factors, but also on the support provided by employers and the state for allowing and facilitating union organising and union's activities to increase their membership (Müller et al 2019: 634-635). The third dimension concerns '*societal power resources*' or '*communicative power resources*', such as the ability of unions to take part in public discourses, to shape public opinion and to forge alliances with other actors of civil society, such as NGOs, political parties and social movements (Müller & Platzer, 2018: 305). Countries with involvements of trade unions in tripartite social dialogue with the government and business associations or in network with employers' organisations do give trade unions social support and recognition, also regarding individual companies. Dialogue with unions can be part of a socially responsible strategy of companies, in the same way as dialogue with NGOs in environmental issues can give companies a better social image. Academic literature gives also a fourth dimension, namely '*structural power resources*' (Schmalz, Ludwig and Webster, 2018). Structural power refers to the position of wage earners in the economic system, in the production process and in the labour market. It is a primary power resource as it is available to workers and employees even without collective-interest representation. Rönmar, Kahmann, Iossa, Czarzasty and Paolucci (forthcoming) includes this dimension in their analysis.

Along with the first and second dimension of power resources, I will go more in depth by using evidence from the case studies in our research. The third and fourth dimension have not or just indirectly been subject in our research.

5.1 Institutional factors

Union power resources on the company level is not enough; it is necessary to maintain multi-employer agreements in order to shore up bargaining coverage and to set safety nets and norms for company level bargaining (see also Visser 2016, Ibsen & Keune 2018). These positive effects of national and sectoral institutions for coordinating decentralisation can be clearly seen in France, Italy, Netherlands, Spain and Sweden. Unions in Ireland and Poland are lacking these institutional power resource, and in Germany trade unions cannot compensate for the holes that have been made in declining coverage levels of sector agreements. Furthermore, unions need to be recognised as representative bargaining party for workers towards individual employers. In more elaborate multi-layered models – such as in Sweden, Italy and France – trade unions have more access to (additional) collective bargaining at the company level. Clear and supportive regulations about the conditions for company level bargaining and its relationships with national and sectoral collective bargaining is needed. In legal perspective, it is France that regulates the most details in this, such as topics to be regulated at company level and the conditions set for unions and non-unionised worker representation in representing the employees. Also Italy (and Spain?) have an elaborated institutional frameworks by law and national and sectoral agreements for regulating the articulation between the levels. It is Sweden where only social partners regulates centralisation and decentralisation in employment relations.

Within the multi-layered frameworks, vertical coordination practices among employers (associations) and among trade union representation on several levels are relevant. Most country reports point to the need of assessments of (proposals for) local agreements by national or sectoral union representatives, combined with fallback clauses of minimum standards set at national and/or sectoral level. This is to prevent risks of non-beneficial ingredients in local agreements for trade union members and other employees that might be the result of potential inequality of bargaining power at the local level. Exceptions are Ireland and Poland where sectoral and national bodies almost have disappeared and decentralised bargaining is not conditioned by national or sectoral regulation. Filling the gap of a lack of vertical coordination, trade unions in Ireland have initiated some new forms of informal horizontal coordination.

A major advantage of single-channel systems is that the labour counterpart to management at company level has a broader mandate anchored in collective bargaining, and in multi-level structures is also has better means of communication and articulation with higher-level actors (Nergaard et al. 2009). The Swedish cases illustrate that clear national and sector regulations on employee representation and information, consultation and co-determination at local level is enhancing successful negotiation and implementation of local collective bargaining. Dual-channel systems are extra challenged by the need for clear demarcations in jurisdictions for trade unions and for works councillors or other representatives in employee participation. The Dutch case studies show recent experiments with works councils as representative party in negotiating terms and conditions of employment at the company level, leading to undermining the position of trade unions, to conflicts and to unclear roles and powers in the 'triangle' of employers – trade unions – works council (see Section 7).

5.2 Organisational factors

Beside a supportive institutional framework, trade unions' membership rates in the companies are crucial in decentralised bargaining. This relates to the *access* to the bargaining table as a representative party, relatively equal power relations between employer and trade unions in *negotiation processes*, and bargaining *outcomes* that are beneficial for employees. Let us not forget: memberships are the biggest source of financial resources for trade unions. Decentralisation is expensive because of the high amounts of negotiation tables at the decentralised level and the related efforts that has to be made to collect local information, to build up a broad range of skilled local negotiators and to maintain internal coordination.

Where unions at company level are relatively weak in membership (such as in Spain and the Netherlands), trade unions have not that much to win to diffuse their activities towards company levels. In other words, they need to focus their limited resources at higher collective levels. But where trade unions have high membership in companies – within or without the framework of sector agreements – they can profit from a robust social base in their negotiations with management (see also Toubøl & Strøby Jensen, 2014). The case

studies in Sweden highly confirm the importance of high trade union memberships and long traditions in bargaining and social dialogue structures as beneficial factors, also when new challenges are coming, such as regarding the corona-pandemic or teleworking.

Another beneficial factor is the competence of trade unions in social dialogue and collective bargaining at the company level. This is partly related to the earlier mentioned factors, but these factors are not enough; bargaining rights and trade unions' memberships do not guarantee high competence. The Italian cases show that high unionised levels among employees do not automatically lead to strong capabilities in defining positions and organising effectiveness in decentralised bargaining. Trade unions' competence in decentralised bargaining involves company specific knowledge, bargaining and dialogue skills and experience, and also capacity to translate individual worker needs into a coherent collective approach. The case study in the manufacturing sector in Poland claims that despite a low supportive institutional structure in the country, the strong positions for trade unionists in the company have been the result of proactive and decisive trade union practices.

Interestingly, some case studies consist of innovative actions of trade unions to (re-) engage with workers and workplaces through decentralised bargaining. Irish cases show proactive unions in re-engaging union base through company bargaining with management. At the same time, they mobilise their members, develop shop stewards negotiating skills and try to follow a strategy of pattern bargaining towards other individual companies in the sector (such as pharma). Also in Germany, union strategies of (re-)connecting with the rank-and-file and workplaces plays a role through strengthening and new involvements of trade unions in company bargaining and through starting new co-operations with works councils to recruit new members. Successes for German unions in establishing and continuing decentralised bargaining are to a high extent dependent on the question if works councils are able and willing to collaborate with unions, for example in concession bargaining when companies in manufacturing are in crisis. Local derogations from sector agreements in the German metalworking industry and concessions from trade unions in wages and working hours are going hand in hand with improvements in employment protection, investment promises and extension of co-determination responsibilities. The case in the German fashion retail company can be read as a success story in local organising: after the union helped the employees to install a works council, the council helped the union to be recognised as negotiating party by the employer. From another point of view is also the Dutch case in an e-commerce firm innovative in the sense that the trade union started an experiment with new direct forms of individual workers participation in collective bargaining (referendum, voting) to engage with non-unionised individual employees and to increase its representativeness.

Less unidimensional are the conclusions about the benefits of co-operations between trade unions at sectoral level and those at company level. In the well-developed multi-layered regimes in Sweden, there are rather tight vertical communications in trade unions organisations, that appeared to work well. Also in other countries, local trade unionists are supported by sectoral representatives. But the French and Dutch manufacturing cases show quite autonomous positions and functioning of union delegates at company level. Support

seems not always to be needed and too much sectoral interferences can hinder autonomous bargaining at the company level as well.

Employers' support

Organisational power of trade unions is not only dependent on unions' characteristics, such as memberships and competence, but also dependent on the employers' commitment in collective bargaining structures and company support in trade unions positions and actions in decentralised bargaining. Generally speaking, well established and professional relations between individual employers and trade unions in negotiating wages have tendencies to be broadened by trade unions' involvements in other issues, such as working hours, job security, education etc. In these practices, the scope of 'distributive bargaining' with zero-sum results is growing towards 'integrated bargaining' in win-win situations with positive sum results (Walton & McKersie, 1965). This is made clear in all cases in Sweden and some manufacturing cases in Italy, Germany, the Netherlands, France and Ireland. Related to this is that many case studies concern large companies characterised by high labour productivity where quality matters in competitiveness and not only prices. The quality of relationships and bargaining processes are here mostly characterised as being mutually trustful, collaborative, professional and continuing/sustainable. Here, management uses strategically trade unions for social support in their policies in competitiveness, technology, digitalisation, HR management and sometimes environmental issues as well. Trade unions gain in established positions, broader involvements, and when smart also in reconnecting with workers, workplaces and employee representative bodies. In short, when the agendas in social dialogue and collective bargaining at the company level go beyond the classical topics of wages and working hours, integrated bargaining with win-win results can strengthen decentralised bargaining. Nevertheless, there is a limit when collective bargaining are seen by the employer as just an efficient and effective HRM-tool in creating social support and worker motivation (such as suggested some of the case studies in Ireland, Italy and France). There is also a limit when trade unions become (too) dependent on the employer's financial resources what can hinder autonomous agenda setting and independent power on the side of trade unions on the long-term.

Case studies in France, Italy and the Netherlands speak about a development of (re)centralisation within the large companies in manufacturing where collective bargaining at the corporation level enhance harmonisation between departments and workplaces regarding labour contracts and HRM policies and prevent competition on wages between the several establishments or departments. Efficiency in bargaining processes and in contract-formation are other reasons for large employers to do so. In these cases, workers participation continued to be at the decentralised workplace levels, strengthening the observation that collective bargaining by unions and (non-/party-) unionised employee participation are quite parallel practices within large companies.

6. Barriers and limitations in decentralised bargaining

Although the majority of the case studies can be called ‘best cases’, the country reports also give information on barriers and limitations in decentralisation processes and in decentralised bargaining practices. Institutional and organisational power resources of trade unions in collective bargaining and in organising (or preventing) decentralisation are in some countries and sectors low, and might be further hindered strategies of the state and employers.

6.1 Institutional factors

Poland and Ireland show the most institutional barriers in decentralised bargaining. Irish and Polish unions lack the support of social dialogue and collective bargaining at the national and sectoral levels. Trade union here are also confronted with low bargaining rights, making them extra vulnerable for the employer’s willingness to accept them as a worker representative party (or not). Especially the Polish report – and to a lesser extent – the Irish report – show high fragmented and high workplace-centred employment relations while cross-sectoral confederations of trade unions do exist. As earlier stated, in Poland fragmentation can be explained by the longer existing vacuum between state and workplaces, with lack of employers’ unions’ activities at the sectoral level. Furthermore, in Poland, collective agreements are concluded for unlimited duration, leading to discouraging the employers from entering into collective bargaining if there are no possibilities for adjusting or renegotiating the agreements. Irish cases show more success in company level bargaining but also in a context of eroded institutions on national and sector level. Polish trade unions seems to enjoy less successes in establishing ‘compensating’ practices at the company level, compared to Irish unions.

Also in less voluntarist models in employment relations, established trade unions can meet closed doors, for example when ‘yellow unions’ take that position in Italy or in the Netherlands. Sector bargaining can also be a strategic instrument for companies not to have to talk nor negotiate with trade unions anymore: they have ‘outsourced’ this to an external party (read ‘employers association’) and may find here a legitimisation for not having to interact with trade unions at the company level at all.

The lack of (the use of) a legally extension of sector agreements to unorganised employers in Germany is a barriers for German trade unions to control decentralisation processes and to establish alternative positions at the company level. The unorganised company is just free in its choice to bargaining with unions or not.

6.2 Organisational factors

Where high trade union membership is a beneficial factor, low membership is definitely a barrier in decentralised bargaining. This can be illustrated in weaker and less

balanced bargaining in retail, where 'pirated' bargaining with 'yellow unions' have more chance to exist because of the less strong organised established trade unions in the sector. Fewer memberships also led to serious lack of financial resources for building up trade unions competences in company level bargaining.

Lack of unions' engagement and knowledge about workplaces, jobs and employees within companies is another barrier for decentralisation and decentralised bargaining. Dual-channel systems of worker representation give trade unions structurally a disadvantage in connecting to workplaces, but might give trade unions a power resource if both unions and works councils are open to partnership constructions. German manufacturing cases show the opportunity of trade unions' good practices to cooperate with works councils. At the same time however, one has to be careful to generalise this for all companies and sectors in Germany. The shares of companies and employees without representation by a works council seems quite high (Haipeter & Rosenbohm, 2022: 16-17). On the one hand, this limits the trade unions power in structural collaboration with works councils. On the other hand, it means also that when a company is not anymore covered by collective bargaining, this decentralisation falls 'deep' without a 'buffer' from works councils. In general, across the studied countries, the majority of the cases show low levels of relationships between bodies of collective bargaining and bodies of employee representation at workplace levels.

Lack of employers' support

In all European countries, we might see some hostile, non-committed or non-supporting employers in decentralised bargaining. In the case studies from Poland, we see the most non-committed employers (except the Polish company that is part of a multinational with a German mother). Sometimes hostility even occurs by not allowing to establish a trade union or not communicating with trade union representatives. Sometimes this occurs with a minimum level of social dialogue or consultation but without collective bargaining. These cases in Poland can be understood in the context of a national model of pluriform industrial relations with traditionally low activities in collective bargaining. However, there are non-institutional factors in play. In Ireland, also a pluriform model, the cases describe more willing employers that find a link with their company strategies. In the Netherlands, with its overall institutional stability, we see in the retail case an employer that has not anymore faith in collective bargaining with the trade unions and do risk new conflicts with established trade unions while breaking a long tradition in decentralised bargaining by excluding unions at the bargaining table.

We do not have to forget that besides trade union, also employers can 'lose' or 'risk' something when they introduce decentralised bargaining. Companies that start making collective agreements can be afraid of losing competitiveness against other companies that are not bound by collective bargaining at all or that are covered by (cheaper) sector agreements.

7. Towards new relations between unions and other employee representation?

7.1 Single and dual channels in worker representation

Patterns of decentralisation are influenced by single or dual channels of worker representation within companies. In single-channel systems, where workplace representatives are elected and/or delegated by trade unions, unions can keep substantial control over decentralisation processes (Ibsen & Keune 2018). In dual-channel systems, where employees are represented by works councils, the relationships between sector and local negotiators are often weaker and more fragile, reducing the control of unions over decentralisation (Nergaard et al. 2009). This control depends on the extent to which works council members in these dual-channel systems are members of the trade unions and on the extent in which works councils and trade unions are cooperating at the workplace and company level. Therefore it can be assumed that trade unions in dual-channel systems are more hesitant and cautious to decentralise because of the risk of diffusion of their control and powers. On the other hand, when works councils are more unionised or have partnership relations with unions, trade unions might be more willing to give works councils rights to derogate from sector agreements. At least in theory, trade unions in dual-channel systems might use works councils as a power resource in collective bargaining at the company level. Trade unions can use the institution of works councils in their strategy for better engagement with workers and their needs within companies, to recruit more members and to unionise the councils (Haipeter, 2020). Decentralised bargaining on derogations can give unions and the works councils the opportunity for revitalisation and for co-operations between the two bodies of worker participation (Haipeter, 2021).

The Swedish case studies confirm the theory that single-channel systems are characterised by stronger and collaborating relationships between sector and local negotiators in collective bargaining, leading to higher trust and willingness among trade unions on national, sectoral and multi-employer levels to decentralise towards company level (Rönmar & Iossa, 2022). Workers representatives at the several levels are from the same 'party' and there is no risks of involvements of competitive, non-unionised worker representatives.

Germany and the Netherlands are two countries that have an elaborated, legally established dual-channel system in worker representation. In both countries, collective bargaining between employer(s) with trade unions is legally demarcated from consultation and co-determination rights for works councils within the company (see also Rosenbohm & Tros, forthcoming). Fundamentally, these are separate legal fields. Only when collective bargaining parties do give jurisdictions to works councils or if works councils are supported

by trade unions will both fields partly overlap. This is in contrast to the more 'mixed channels', somewhere between pure single and pure dual channels in worker representation in France, Italy and Spain, where trade unions can have formally delegated members in bodies of employee representation within the companies.

Italy and France have a more mixed-channel model in worker representation: in between the pure single-channel system and pure dual-channel. In Italy, there are two channels for workplace representation. The unionised RSA, only for organisations under sectoral and/or company collective agreement, and RSU with both unionised and non-unionised elected representatives (Armaroli & Tomasetti, 2022: 11-12). In practice, both channels are not that different and both have links with sectoral trade unions. Interestingly, the Italian findings suggest processes of decoupling between collective bargaining on the one hand, and shop floor representation on the other hand. First, among large and geographically dislocated companies that prefer uniform labour conditions across their many establishments, what is shifting the focal point of decentralised bargaining from single workplaces towards the group or corporate level? Second, the Italian report points to a weakening role of workplace representation and difficulties for unions in bridging shop floor workers organising and collective bargaining when trade unions are passive in organising new elections for RSU and/or are focusing on collective bargaining procedure at the more centralised company level (Armaroli & Tomasetti, 2022: 62).

Interesting is the case of France. On the one hand, unions can set up a union section and appoint one or more union delegates as soon as they obtain at least 10 percent of the votes in workplace elections (Kahmann & Vincent, 2022). On the other hand, to offset the fact that non-unionised companies, mainly SMEs, could not bargain because of a lack of union delegates, successive legislation has extended the possibilities for non-union representatives to negotiate in non-unionised workplaces. Contrary to Germany and the Netherlands, French legislation is guiding the decisions about unionised and non-unionised bargaining parties and signing bodies, while these factors are more in the hands of companies and factual power relations between employers and trade unions and works councils in Germany and the Netherlands. Furthermore, in France the scope of decentralised bargaining is guided by legislation of 'obliged issues', be it in negotiation with union delegates or with non-union representatives. This might theoretically work as an incentive in the collective bargaining system for trade unions to present oneself as being the best representative body for negotiating. However, it is not clear that this has led to higher membership rates in France.

7.2 Changing relationships between unions and works councils?

Relationships between the institution of the works councils and the institution of trade unions are effected by the trend of decentralisation in collective bargaining. The legal demarcations of 'functions' in co-determination versus collective bargaining and rights and powers between channels and stakeholders might be called into question. This can be coordinated by social partners themselves. As written earlier, some sector parties in Germany introduced 'opening

clauses', not only in the earlier mentioned topic of working hours, but now also to re-negotiate wages in a negative way for workers. Downward derogation from wage levels or collective wage increases in sector agreements, is and was never possible in the Netherlands, not for trade unions nor for works councils at the company level. In Germany, trade unions have the formal lead in negotiating opening clauses and case studies show the importance of co-operations between trade unions and works councils in these areas. In the Netherlands, trade unions continued keeping more distance to works councils. Trade unions in the Netherlands are very strict in their strategy of regulating minimum levels set at the sector level without any option of derogation (Jansen & Tros, 2022).

More similar are Germany and the Netherlands in the wider topic of working hours and restructuring. This can be understood in the assumption that trade unions bargain for 'hard money' in distributive bargaining processes (say wages and other payments), while works councils bargain in issues where interests of the employer and workers are overlapping. The aim of co-determination legislation in both countries is not only to represent worker interests but also to enhance the working of the company's organisation (this is called the 'double aim' of the Act on Works Councils in both countries).

Interestingly, the trade unions in both countries seem to differ in their strategy towards works councils. FNV, the largest trade union in the Netherlands, is strongly against a bigger role of works councils consulting/negotiating company regulations about primary terms and conditions of employment. They point to the council's and councillors' dependencies on their employer, the missing of a strike weapon, and lower expertise and negotiation skills in collective bargaining. In Germany, the pressure of employers towards decentralisation is higher. IG Metall in Germany do not have fewer memberships than FNV in the Netherlands, but they miss the power resource of the legal extension mechanism as in the Netherlands. Many German employers can directly profit from 'opted-out' from the employer associations, while unorganised Dutch employers in most of the sectors are still confronted with the extended coverage of sector agreements. Unions can offer flexibility to individual employers in Germany by joint activities and collaborations with the works council, while at the same time revitalising their rank-and-files (Haipeter, 2021). This is illustrated in the two manufacturing cases in Germany. In stricter applying the dual-channel structure and giving a very limited role to works councils in the implementation of collective agreements, one might also say that Dutch trade unions miss the opportunity to (re-) connect with workplaces and their rank-and-files.

8. Conclusions and challenges for the future

8.1 Concluding findings

Already since the 1980s, collective bargaining institutions have been decentralised in European countries. The main initiators are employers that aim for more flexibility in labour relations at the company level and more deregulation in collective terms and conditions of employment at national and sectoral levels. ‘Tailor-made’ negotiations and collective agreements at the company level might give individual employers more opportunities in adapting wages and other labour regulations to the companies’ competitive and strategic needs and their changing (specific) environments. In the last decade, this trend of decentralisation has gone further. After the European wide crisis since 2009, some national governments have made new legislation to (further) stimulate company level bargaining with trade unions, such as Spain, Italy and France. Trade unions across countries and across sectors of industry have respond differently on the employers’ demand for decentralisation and on the new legal opportunities for decentralised bargaining. Mostly trade unions feel forced to be in a more defending position, or to block derogation options in collective agreement or to regulate new bargaining rights for trade unions (and sometimes non-unionised employee representatives) on the company level.

Types and patterns of decentralisation in labour relations and in collective bargaining are dependent on national institutions, power resources of stakeholders and their strategies. In the voluntarist and pluralist models of industrial relations, the employers’ and political interests in decentralisation led to a further institutional breakdown or collapse in social dialogue and collective bargaining in the 2010s. This pathway in decentralisation is evident in the country reports on Ireland and Poland. Remarkably, also the German model of coordination in collective bargaining has partly eroded and show disruptive features from its past. In other European countries, processes of decentralisation have been shaped incrementally within more or less continuation of national and sectoral structures. This pathway can be seen as institutional layering, adding decentralised bargaining opportunities to derogate from national and sectoral regulations or to add topics or extra bargaining rights to bargaining at the company level. These incremental changes however can have big impacts on the relative shifts towards the company as the locus of labour relations and towards more power for local negotiators and local workers representatives.

Varieties across countries, sectors and different sizes of companies can be further explained by power resources and related strategies of the stakeholders. Especially trade unions play a crucial role in coordinating, organising and shaping decentralisation processes in multi-layered collective bargaining structures. Case studies in this project point to some important factors that benefit decentralised bargaining with balanced negotiation processes and outcomes. First of all, the importance of having supportive institutions and rules at the central levels in for providing safety nets in wages and other labour standards and providing norms for company bargaining. Beneficial factors are also the higher unions’ membership

rates in companies, unions' competences in local negotiations and innovative actions in re-engaging with workplaces and workers within companies. Of course, employers' commitments in regulating decentralisation and in decentralised bargaining is essential. Trade unions have more institutional and organisational power resources in manufacturing sectors than in for example the retail sectors. High productive firms and larger companies seem to count for more practices in decentralised bargaining and with more powerful trade unions in more balanced negotiations. Low price competitors and SMEs count for fewer beneficiary structures in decentralised bargaining practices.

In analysing and discussing decentralisation, it is even important to focus on its opposite: centralisation from company level to sectoral and national level. How far can you go with decentralisation? Re-centralisation is an evident sign of the limits in decentralisation. The French and Spanish report mention recent institutional changes towards centralisation nowadays. At the end of 2021, social partners in the metal industry in France signed a national sectoral agreement in the sector to replace from 2024 the existing 78 territorial agreements in France (Kahmann & Vincent, 2022: 28). In Spain, the earlier reform towards decentralisation is recently reversed by the national government in 2021 for better guaranteeing the primacy of sector agreements with representative, established trade unions (that were never in favour of derogation options). It is logical that the recent EU call to stimulate collective bargaining coverage to provide for better and decent minimum wages – and to make national action plans for this – will be better met by national and sectoral bargaining than by only company level bargaining. Although it has to be also said that high bargaining coverage can go hand in hand with 'layering' in collective bargaining institutions and types of organised decentralisation.

8.2 Challenges for trade unions and other stakeholders

Neo-liberal policies of governments and (organised) business in the 2010s have often put trade unions in a defensive position. International financial and political bodies have for long time pushed in the direction of deregulation and flexibility in labour market and have challenged the trade unions' agendas in securing terms and conditions of employment. Generally speaking, this context has had negative impacts on the social power resources of trade unions. After a collapse or gradual erosion of collective bargaining structures, it is difficult to rebuild trust and to set up new bargaining patterns. Not seldom, the trade union movement in society is (unfairly) framed as an institution for the older generations of workers, what can make employers even more hesitant to initiate dialogue and collective bargaining with unions in their companies. Of course, it is the challenge of the unions themselves to represent also the new generations of workers and to show that they are competent partners to discuss innovative sectoral and company strategies and to agree on terms and conditions of employment and working conditions, also in the context of the 'green transitions'. But at the same time, building these organisational power resources will have more success with

better social and institutional power resources in collective bargaining and broader social dialogue and consultations in political and administrative debates and decision-making.

Sufficient union membership in the companies where unions are bargaining parties is a very important conditional factor in powerful and sustainable collective bargaining practices, for being representatives and to finance trade unions' activities including those at the local levels. Nevertheless, generally speaking, these membership levels are in serious decline in almost all European countries (Vandaele 2019). Many trade unions interviewed in this study worry about membership, social involvement and 'attitudes' among younger workers' generations in trade unions and works councils activities (maybe with the exception of Sweden). Social dialogue and collective bargaining at the company level demand for trade unions representativeness and commitments of the companies' workers. The picture that arises from the country reports is teaching us that maintaining the position of trade unions aside individual employers seems to be challenging enough. Strengthening of these unions' positions in the future is often not expected. Although it has to be also said that some local cases studies in innovative trade unions' actions in re-engaging with workplaces and workers has been observed as well (for example Ireland and Germany).

Another related challenge is the shift in employment over sectors. Manufacturing is in decline and counts less and less blue collar workers. Service-oriented sectors are still growing, while they have less established structures in collective bargaining at sector and company level and mostly also are less strong bodies of employee representation within the companies.

Broadening or updating the bargaining agendas can help to preserve trade unions' involvement in social dialogue and collective bargaining at the company level. Several cases report new topics such as COVID-19, organisational developments towards more sustainable production, digital transformation of work and job-to-job transitions in case of unemployment threats. Not that much mentioned is the topic of flexible work, although highly relevant for attracting new generations of workers in trade unions' activities, at least in countries with high numbers of flexible workers such as the Netherlands.

Do trade unions have to bridge the gap between collective bargaining and employee representation at lower levels? It is crystal clear that trade unions always have to have an eye on the specific working conditions and needs of workers in their relation to their jobs and the organisation in which they work for better representation and in organising worker motivation to become trade union members. It is also clear that unions should have a task in strengthening voice options for workers at decentralised workplace levels and might organise collective bargaining more bottom-up (see for example Mundlak, 2020). It is less clear from our study if that also includes more partnerships with works councils or more involvements of workplace *representatives* (for example works councils). Is it realistic in terms of position and skills to ask works councillors to bargain with their own employer about wages? Collective bargaining and workplace consultation and co-determination are different fields and have different legal backgrounds and legal aims. Very interesting are the best practices in co-operations between trade unions and works councils in the German manufacturing sector. But not to be forgotten is that these structures were not really aimed for by trade unions

originally and they have to be understood as a strategic and smart response of trade unions in the Germany manufacturing sector. These practices cannot that easy be transplanted towards other German sectors or other countries. Even at the Dutch manufacturing company DSM, very near the industrial *Ruhrgebiet*, works councils do not give trade unions a bigger role in non-wages issues like organisational development and do not structurally cooperate with trade unions to recruit new members at the workplace.

Employers are essential in their commitments to collective bargaining, in co-regulating decentralisation and of course in decentralised bargaining practices. In some country reports, divisions and polarisation within the representation of employers at national and sectoral levels have been observed, also when it comes to collective bargaining (for example Italy and the Netherlands). In other countries, such as Poland, Ireland and Germany, employers' disengagement with collective bargaining suggest that employers' organisations are becoming more business associations. Fragmentation and lower business' commitments in collective actions among employers risk further 'institutional drift' in which existing collective bargaining institutions are not maintained/sustainable, leading to less scope, meaning and function. Sector bargaining and employer associations can lose their grip on reality or die out.

Decentralisation is a real risk for further erosion of collective bargaining coverage in the Member States. Countries who are dominated by single-employer bargaining show lower collective bargaining coverage rates. In the recent proposal for a directive of the European parliament of the council, it is argued that collective bargaining on wage-setting is an important tool to ensure that workers can benefit from adequate minimum wages. Therefore is makes indeed sense also to aim for extending the coverage of workers through collective bargaining. For reaching this aim, it not only makes sense to maintain national and sectoral collective bargaining structures but also to organise new forms of centralisation in the countries that are dominated by single-employer bargaining or by no collective bargaining at all. A target of 80 percent collective bargaining coverage is a big challenge for many European Member States and might only be reachable with new sector agreements and the legal mechanisms of extension towards non-organised businesses. However, this project has shown that decentralisation can go hand in hand with maintaining sectoral institutions in labour relations and with innovating sectoral agreements. Although centralisation is important for collective bargaining coverage and in securing decent wages and working conditions for all (independent of specific companies and workplaces), the call or decentralisation will never end, to meet the employers' needs in flexibility and workers' needs for social dialogue and (added) collective bargaining, tailored to their specific working environments.

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