Unions' strategies in networked settings: explaining variety and outcomes.

Lisa Dorigatti

Graduate School in Social and Political Studies
University of Milan
lisa.dorigatti@unimi.it
Background

Vertical disintegration and outsourcing are increasingly relevant phenomena which have significant implications both for working conditions (Appay 1998, Flecker et al. 2009) and for the stability of industrial relations systems (Marchington et al. 2005, Doellgast and Greer 2007).

Consequences are distributed unequally along the value chain, unions often looked at suspiciously in regard to their role in these processes (Palier and Thelen 2010).

Which strategy do trade unions adopt is a key question in understanding the outcome of vertical disintegration processes for workers (Bonazzi and Negrelli 2003, Doellgast et al. 2009) and the role of unions as social agents.
Research questions

Which kind of strategies do trade unions in lead sectors adopt in respect to outsourcing?
Under which conditions does outsourcing become a relevant question for them?
Under which conditions do they develop inclusive strategies?

Object of the study
Trade unions strategies in the metal and chemical sectors in Italy and Germany in cases of outsourcing and restructuring.
Trade unions' strategies
(we will look at both trade unions and plant level employees' representatives of lead firms).

Defined on a multidimensional base

**Inclusiveness**: linked to the question of the boundaries of unions' constituencies (Crouch and Pizzorno 1978): who is included? How is union constituency redefined in outsourcing processes?

**Type of regulation**: homogeneity vs. flexible rules

**Relevance** of the outsourcing issue in the union's agenda.
Explanatory factors

Institutional settings

→ Institutions influence employers' decisions on restructuring (Regini and Sabel 1989, Lehndorff et al. 2007, Bosch and Weinkopf 2008) and define the instruments employees representatives have in order to exercise influence on employers' decisions (Turner 1991, Thelen 1991). May reduce unions' incentives to act and make the issue less urgent.

Can explain the relevance of the topic, but not the direction of unions’ orientation. Two competing explanation in the literature:

– More inclusive strategies to balance a reduction in institutional power (Greer 2008, Turner 2009).
– Retrenchment and exclusive strategies to protect the “core” (Palier and Thelen 2010) or sustain the organisation (Davidsson and Emmenegger 2012).
Explanatory factors

Labour market structure
Two competing hypothesis:

- **Flexible firm model**: outsourcing used to buffer core employees from market fluctuations and to reduce costs of fidelization (Atkinson 1987, Osterman 1994): no competition with core workers, but a secondary labour market (Doeringer and Piore 1971).


→ different strategic orientations of unions in respect to people employed in different functions (i.e. cleaning, catering vs. production)?
Explanatory factors

Trade unions' identities and socialization

  → *Class unions are more likely to include new groups of the workforce.*

- Socialisation processes and repeated interactions produce solidarity between different workforce groups (Hauptmeier and Greer 2012)
  → *Spacial proximity could increase solidarity* (a similar mechanism visible in the case of agency workers, Holst *et al.* 2010).
Germany

Growing relevance of outsourcing and service contracts in the media (Zeit 2011) and in the political debate (Deutscher Bundestag 2012).

Strongly linked to the dynamics of collective bargaining coverage (Doellgast and Greer 2007):

- strong reduction in overall coverage (from 70% in 1998 to 58% in 2011)
- strong disparities across sectors (industrial services around 15%, manufacturing 50%), firms of different dimensions (Thelen and Van Wijnbergen 2003) and among old and new firms (Ellguth and Kohaut 2008).
- strong wage differentials across sectors

Limited legal rights to works councils (no co-determination, but information rights (IG Metall 2011)) and weak protection in case of transfer (1 year wage guarantee).
Metal sector

Since 1990s, increased pressure for outsourcing in core sectors:
spread of subcontracting agreements for parts production (Jürgens 2006) and of
in-house sub-contracting for services (Logger 2012).

Union's and works councils' initiatives
Ousourcing initially accepted as a **way to keep competitiveness in core-plants**
(Gesa Müller and Müller 2000, Doellgast and Greer 2007).

Pacts of employment and competitiveness: clauses on outsourcing and
employment security in exchange for **concessions**. Rejection of service
sector contracts at official level, but sometimes bargained at plant level (e.g.
Daymler,
Dunnemeier 2008).

**Campaign approach**: “Arbeit sicher und fair – fuer alle!”
**Goals**: increase works councils involvement in personnel planning, extend
unionisation along the value chain.

→ **high relevance** of the topic/move from exclusion to inclusion.
Chemical sector

Profound transformations in the German chemical industry after the 90s: split up of the “big three” in the West (Kädtler 2009) and of former state-owned chemical firms in East Germany (AIChE 2011).

Concentration on core business and growth of Chemical Parks managed by service companies.

Union's and works councils' initiatives
Retained employees in service companies under the chemical collective agreement, but accepting concessions through opening clauses (IG BCE 2011) → constantly benchmarked against other (non-chemical) service providers and under pressure for further concessions or outsourcing.

Increased coordination of works councils inside chemical parks (site committees), since their structure compromise co-determination rights.

→ high relevance of the topic/institutionalizing segmentation in order to avoid outsourcing (controlled segmentation?)
Italy

Historically characterized by low levels of vertical integration (vertical integration index around 0.37-0.39 already in the 90s, Arrighetti 1999).

Decentralization and subcontracting seen as instruments for wage dumping since the first parliamentary commission on labour (Parliamentary commission 1957), but especially so in the 70s (Regini and Sabel 1989, Brusco 1997).

→ triggered restrictive legislation (l.1369/60 Salento 2003, Carinci 2010) and strong involvement in the issue by unions.

Changed several times, the most significant adjustments in 2003 (relaxation on criteria for transfer of undertakings) and 2008 (strengthening of the principle of joint liability).

Collective agreements: require contract companies to oblige subcontractors to apply collective agreements of their respective sectors and in some cases (e.g. multi-services, catering) provide job security in case of contract change (Carinci 2010, Congeduti 2011).
Metal sector

Decentralisation has been a significant question during the 70s (FIM FIOM UILM 1971) and has triggered first bargaining initiatives. Second externalization wave in the 1990s, linked to lean production models.

Trade unions' initiatives
Metalworkers' collective labour agreement:
- Prohibits outsourcing of core activities and ordinary maintenance.
- Defines information rights and consultation procedures.
- Requires the application of CLAs in sub-contractors.
- Extends the application of the metalworkers' agreement to services related to the metal sector.

Extension of application of the metal CLA to cases of in-house outsourcing (Pulignano 2005) and site agreements for subcontractors (Negrelli 2003).

Definition of collective representation structures in multi-employer companies (site committee and delegated delegate): e.g. Fiat plant in Mirafiori (Pulignano 2005) and Fiat-Iveco plant in Brescia (Piotto 2002).

→ low relevance/attempts to extend the area of influence along the value chain.
Chemical sector

Production process strongly vertically integrated, outsourcing has taken place in auxiliary activities (Vitali 2010).

Growth of structures relatively similar to Chemical parks from the disintegration of Montedison (Lugli and Tugnoli 2000).

Trade union initiatives
Relatively scarce and limited to controlling correct application of art. 2112 in cases of transfer of employees, no attempts of extending the field of application of the chemical CLA.

Discussions about site agreements, especially in petro-chemical poles (Lugli and Tugnoli 2000), but not actually implemented.

Agreements on health and safety for employees of subcontractors (Interview FILCTEM).

→ low relevance/low inclusiveness
(Preliminary) conclusions

In both countries just very preliminary and tentative approaches to govern negative consequences of outsourcing.

The German case shows greater experimentalism by trade unions (triggered by flexibility instruments in collective agreements), but marked by growing power imbalances between the social partners, largely due by an eroding institutional context.

Two different solutions by chemical and metal unions: controlled segmentation vs. move towards an inclusive campaign (→ core under pressure).

Italian unions seem to suffer less the pressures of outsourcing, since it seems to be characterized by a clearer core/periphery model (especially in the chemical sector).

Slowed down the necessity to intervene on outsourcing, limited to reaction on specific cases, but without a clear agenda.
Thank you!