

**Collective bargaining and the restructuring of service work in the French and German telecommunications industries**

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**Abstract**

Over the past decade, the liberalization and internationalization of service industries have had far reaching consequences for employment relations in Europe. Growing competition in more differentiated markets has contributed to the fragmentation of collective bargaining in established industries, while newer service firms are successfully avoiding institutions that traditionally constrained managerial prerogative. While these trends are well-established, there has been little research on how, and to what extent, different institutional arrangements within Europe influence the strategic choices of service firms and employment outcomes for their workforces.

In this paper, we compare recent employer strategies to reorganize service work in the telecommunications industries of France and Germany, asking how national differences in industrial relations institutions have influenced trade unions' success in extending regulation and influencing work restructuring in newer service workplaces. Both are 'social' European countries with contrasting political and economic institutions – while France is known for the leading role of the State, Germany has been characterized by the relative autonomy of intermediate coordinating mechanisms (Maurice, Sellier, and Silvestre 1988; Schmidt 2004). Our analysis focuses on call center jobs, which have been a

major target of restructuring initiatives since liberalization on the industry in the late 1990s. Empirical findings are drawn from case studies of the former monopolists France Telecom and Deutsche Telekom, as well as identical surveys of call center employers carried out in France and Germany between 2003 and 2004, coordinated by the Global Call Center Project (GCC).

The paper contributes to a number of themes from Track 4: Institutions, Processes and Outcomes. We provide an original analysis of the role of institutions in shaping the employment relationship in new service sector workplaces, and present original data from several sources on the material outcomes from these processes, including the extent of pay inequality and variation in terms and conditions of employment across countries and workplaces. Findings also directly address trends in union presence and impact, the influence of employers associations, organizational restructuring, developments in collective bargaining, developments in HRM processes and practices, and pay inequality.

### **Summary of findings**

Findings from this study show similar trends of bargaining decentralization and increased variation in pay and working conditions in the French and German telecommunications industries. However, persistent differences in industrial relations institutions have influenced call centre management strategies in two areas: organizational strategies to segment work and human resource management practices.

***Collective bargaining and segmentation.*** The pace and extent of change in formal bargaining institutions has been more far-reaching in Germany than in France. Under state pressure to enlarge bargaining coverage, French unions have succeeded in maintaining and extending industry-level agreements in both the telecommunications and call center subcontractor industries. This has helped to prevent the expansion of a large non-union sector observed in Germany. It has also created a different structure of incentives for restructuring. Deutsche Telekom and other large German firms have established subsidiaries for call center jobs and renegotiated company-level agreements on pay and working conditions. In contrast, the subsidiaries of French firms are linked to the national agreement, and thus there are fewer potential benefits in reduced labor costs from organizational changes.

At the same time, the extension of sectoral agreements in France was accomplished within a weak national bargaining structure, characterized by fragmented unions and a parallel structure of firm- and establishment-level bargaining. Both French and German firms, including the incumbents, have also successfully differentiated working conditions through outsourcing call center jobs, which in Germany typically do not have agreements and in France are covered by a weaker national agreement. In addition, in France, offshoring is increasingly connected to the 'indirect' transfer of call center jobs to French speaking countries such as Morocco and Senegal.

Thus, while France shows more continuity in collective bargaining institutions and narrower wage dispersion, there are similar trends in both countries of growing variation in the terms and conditions of employment for call center jobs.

***Human resource management.*** Second, we find that national institutions have uneven effects on human resource management practices within each country, due to

growing company -level differences in the strength of traditional collective bargaining and vocational training arrangements. Matched pair case studies show that works councils at Deutsche Telekom's call centers were able to use their strong co-determination rights to encourage management to adopt alternative, high involvement models of work organization that relied on teams and restricted monitoring. In contrast, despite its traditionally strong internal labor market, France Telecom relied on a more narrow division of tasks, work intensification, and monitoring to increase productivity, with limited direct involvement of works councils or workers in the design of these practices. Different systems of vocational training and career progression reinforced these differences. However, while some elements of these different 'models' may be found across call center workplaces, we observe more convergence on low discretion management practices in newer establishments, including subsidiaries and subcontractors of the incumbent firms.

### **Conclusions**

These findings suggest that persistent institutional differences between Germany and France have to some extent shaped employers' responses to rapid changes in markets. However, exactly *how* institutions matter is linked to the particular history of firms and the changing bargaining power of actors within those firms. We conclude with a discussion of the implications of our findings for comparative industrial relations theory and research.

### **Works cited**

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