

# Collective bargaining and flexicurity – balancing acts across sectors and countries<sup>1</sup>

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## ABSTRACT

Often neglected in flexicurity studies is the question of *how collective bargaining contributes to the development of flexicurity*, despite the continued resilience of this form of regulation in many European countries. The present paper compares sector level bargaining and flexicurity in printing and electrical contracting of Denmark, Spain and the UK to assess this link. In line with prior research, the paper finds that Danish agreements contribute significantly to flexicurity. Somewhat against conventional expectations, however, are findings in the UK and Spain. In the UK, agreements contribute significantly despite a hostile context for collective bargaining. In the latter, due to heavy influence of legislation the contribution is more modest but nevertheless notable. This overall finding gives strong evidence for the proposed link. The paper goes on to suggest that positive contribution is contingent upon certain preconditions - namely the autonomy of collective bargaining from statutory regulation; breadth of possible bargaining items; mutual trust and a certain degree of power parity between social partners.

## INTRODUCTION

Flexicurity, both as a political and analytical concept, contains an escape from the widespread view that labour market flexibility and social security are contradictory. Indeed, high flexibility and high security can be combined – or rather – balanced in ways that further both the interests of employers and employees.

It is therefore no wonder that flexicurity has become somewhat of a ‘cause-celebre’. Sluggish economic performance by some member states of the European Union (EU) has long called for effective policies that could turn crippled welfare states into modern high-performing economies without compromising the European social model. Flexicurity promises to deliver just that.

As the concept gains currency, policy-makers and scholars focus on ways to develop flexicurity. To this end, reference has often been made to constructive social dialogue between stakeholders in the labour market as an effective way to combine flexibility with security in regulation – be it through influencing and drafting national policies or through collective agreements (Andersen and Mailand 2005; Wilthagen and Tros 2004). Surprisingly, the contribution of collective agreements to development of flexicurity remains unexplored even though the issues inherent in flexicurity by no means are neglected by industrial relations scholars – as seen in the mutual gains enterprise, partnership and employment bargaining literature (Kochan and Osterman 1994; Sisson and Artiles 2000). However, in these studies the term is not used explicitly.

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

The questions we pursue in the present paper are as follows: *To what extent and how are collective bargaining at sector level contributing to balances between labour market flexibility and security? And is development of flexicurity contingent upon any specific preconditions in the context of collective bargaining?* We do this by comparing sector level collective bargaining and flexicurity in printing and electrical contracting in Denmark, Spain and the UK. Evidence for a positive contribu-

tion of collective bargaining in three very different labour market models should give strong support to claims that such a link to flexicurity.

The paper is structured as follows. The first section provides a short overview of flexicurity analysis and how it connects to the study of industrial relations. The second presents a theoretical and comparative methodological framework for studying the link between collective bargaining and flexicurity. This is done by identifying the key elements of flexicurity and concepts of collective bargaining processes. In the third section, findings of the comparative analysis are presented, including the variation of contribution to flexicurity across countries and sectors. Furthermore, the section analyses the preconditions required for collective bargaining processes to lead to flexicurity. Finally, the main empirical implications are presented and discussed and we show how the study points to new avenues in comparative industrial relations research in a flexicurity perspective.

## FLEXICURITY RESEARCH

There is hardly one common approach that covers the burgeoning literature using the flexicurity concept. Indeed, scholars have referred to flexicurity as somewhat of a semantic magnet to which policy-makers and researcher ascribe meaning as they see fit (Keune and Jepsen 2007). Wilthagen has tried to make order in this ‘mess’ by outlining three meanings of flexicurity either as a deliberate *policy strategy* for reconciling flexibility and security, a *state of affairs* in labour markets or a *heuristic tool* for analysis of flexibility and security (Wilthagen & Tros 2004).

Arguably, the latter meaning of flexicurity is the least controversial as it does neither pretend political aspirations nor does it construct models out of configurations of labour market regulation and outcomes. Following the logic of *heuristics*, flexicurity merely orients researchers in asking relevant questions using four forms of flexibility and four forms of security. This has been illustrated by a matrix developed by Wilthagen and associates (Wilthagen and Tros 2004).

Table 1: The flexicurity matrix

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

The four forms of flexibility and four forms of security in the matrix have been extensively mentioned in other publications and require no further presentation here. Rather, we wish to make a few remarks concerning the underlying logic of flexicurity.

Firstly, the notion of balance between flexibility and security is placed centrally in most academic work and the European Commission’s flexicurity principles of 2007 (European Commission 2007b). Taking the matrix in use, every cell therefore constitutes a potential balance between flexibility and security in some shape or form – arguably some cells being more relevant than others (Bredgaard et al. 2007a). For example, in one of the most celebrated countries, Denmark, relaxed employment protection legislation and thus high external numerical flexibility is balanced with high spending on active and passive labour market policies which ensure high employment and income security. This is thought to have contributed to the remarkable labour market performance of Denmark in the 1990s and onwards (European Commission 2007a; Madsen 2006).

Secondly, using the heuristic it becomes clear that some forms of flexibility and security are external and some are internal. The latter group refers to flexicurity internal for companies and for employed persons, whereas the former refers to flexicurity external for companies and for unem-

ployed persons (Bredgaard, Larsen, & Madsen 2007a). Concerning external flexicurity, the pertinent issue of labour market mobility and efficiency has been predominant in research so far.

Thirdly, the connection between forms of regulation and labour market performance is either explicitly or implicitly present in most flexicurity studies and is most frequently connected to labour market transitions and external flexicurity (Auer 2007; Bredgaard et al. 2007b; Muffels and Luijkx 2008). The analytical task is to prove that good labour market performance – labour market mobility, high employment and low unemployment – can be achieved where high flexibility is bolstered with high security. Studies by the European Commission and the European Foundation give evidence to the merits of the Anglo-Saxon and Nordic countries on flexicurity. The former group, however, scores low on income equality but with low budgetary costs and vice versa for the latter group. In contrast, the Continental and Southern European countries have problems especially with labour market segmentation, supposedly due to rigid regulation (European Commission 2007a; Philips and Eamets 2007). Muffels and Luijkx (2008) arrive at a similar conclusion using dynamic outcome indicators for mobility and employment security. In their study, the Anglo-Saxon and Nordic models achieve a better balance between flexibility and security than the Continental and Southern-European countries (Muffels & Luijkx 2008).

Fourthly, most studies – the above included – alert to the dangers of a ‘one-size-fits-all’ approach to policy reform in Europe (Bredgaard, Larsen, & Madsen 2007a; Muffels & Luijkx 2008; Rogowski 2007). In connection, both scholars and the commission warn against top-down policy reforms that might discard the views of stakeholders in the labour market – notably social partners (European Commission 2007b; Wilthagen & Tros 2004). In line with the bottom-up approach to implementation (Hjern and Porter 1981), inclusion of social partners should ensure effective policies through decentralised ownership. Thus much flexicurity research has given anecdotal evidence of the positive contribution of social partners to development of balanced regulation (Madsen 2005; Wilthagen 1998; Wilthagen & Tros 2004).

But inclusion into statutory policy-making is arguably not sufficient to grasp the actual contribution to balances. Despite recent decades’ decline in collective bargaining coverage and union membership rates, collective bargaining still sets terms and conditions of employment for approximately 60 % of employees across the EU-27 (European Commission 2008). Corollary, flexicurity as defined in the matrix is in many respects contingent upon the processes in which social partners reach agreements. This especially applies to internal balances of flexicurity (Bredgaard, Larsen, & Madsen 2007a; Ibsen and Mailand 2009).

In this regard, the study of industrial relations (and more specifically the processes of collective bargaining) becomes pivotal if we want to understand how flexicurity is developed. Only a few studies have touched upon the issue in a systematic and comparative manner. Philips and Eamets’ (2007) study on different European Models and their approaches to flexicurity includes industrial relations indicators on, inter alia, collective bargaining coverage. The authors find no direct correlation between the industrial relations indicators and economic, human capital and labour market development of the country. However, the findings indicated that income inequalities and wage distribution are more limited, that average wages, fringe benefits and training are higher and that unemployment is, on the whole, lower and persistent in systems with high trade union density and high collective bargaining coverage. The authors are less outspoken on a connection between flexicurity and industrial relations indicators – notably the Netherlands, one of most frequently mentioned countries in connection to flexicurity arrangements, score relatively low on the indicators, whereas Denmark, the other main flexicurity country, shows a high score (Philips & Eamets 2007). Yet another study from the Foundation came from its European Industrial Relations Observatory (EIRO) the year after (2008). Based on simple indicators (which the authors admit are subjective), the results show, inter alia, that collective bargaining and joint regulations plays a ‘significant role’ in relation to flexicurity in half of the EU countries covered (Austria, Belgium, Denmark, Finland, France, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Slovakia and Sweden) (EIRO 2008).

A main reason for the continued resilience of coverage rates in Europe is the existence of sector level agreements (European Commission 2008) which therefore constitutes a natural analytical

point of departure. In addition, as companies and workers belonging to one sector experience similar market, technological and institutional structures, they also experience similar demands for flexibility and security. Arguably, the sector level should be given priority and indeed has been using the flexicurity lens.

Andersen and Mailand describe how Danish collective agreements at sector level in numerous ways regulate items that have direct effect on the balances of flexibility and security through a dual development in recent decades. Firstly, decentralisation of wage-determination and working time arrangements has significantly increased flexibility. Secondly, inclusion of a wide range of welfare-related benefits in collective agreements has improved security in a number of ways (Andersen & Mailand 2005).

Moreover, Andersen – following Wilthagen (1998) – suggests that sector level bargaining *per se* is conducive to flexicurity as a balanced form of determining terms and conditions. Andersen's main argument is that the decentralisation of collective bargaining combined with the enlargement of the bargaining agenda with new issues such as training, pension, leaves schemes, etc. have increased the opportunity for reaching flexicurity balances (Andersen 2005).

Houwing investigates regulatory changes in eleven sector level collective agreements over time in the Netherlands. The study finds that labour scarcity and powerful unions are related to increases of flexibility and security in regulation. When labour scarcity in a sector decreases, flexibility is increased and strong unions lead to a higher stress on security in collective agreements. The study does, however, not move beyond merely relating conditions with flexicurity regulation and we do therefore not picture of how bargaining processes lead to these outcomes (Houwing 2008). The dynamics inherent in the positive link between collective bargaining and development of flexicurity is therefore missing. It is to this point that we now turn.

## CONCEPTUALISING FLEXICURITY AND THE MISSING LINK

The above studies seem to back up the assumption of a positive link between collective bargaining and flexicurity, but as noted above we know little about the inherent dynamics in bargaining processes that foster such a link. But before outlining how we conceptualise this link, we believe it necessary to return to the issue of balance. While the flexicurity matrix is a useful heuristic to the study of flexicurity, we believe that the notion of balance in many flexicurity studies is not adequately precise. Luckily recent attempts to clarify the concept exist by Leschke et al. (2007). We have slightly reconfigured their concepts into four types of combinations of flexibility and security in regulation:

- Flexicurity 1: Flexicurity exists in regulatory arrangements that *trade off* flexibility and security (and vice-versa) and where losses of either flexibility or security are *compensated* with endowments of flexibility or security.
- Flexicurity 2: Flexicurity exists in regulatory arrangements that combine flexibility and security in *win/win pay-offs* thus creating advantages for employers and employees alike.
- Non-flexicurity 1: Regulatory arrangements where *trade-offs* between flexibility and security (and vice-versa) are *not compensated* and thus represent pure zero-sum games.
- Non-flexicurity 2: *Lose/lose pay-offs* in which regulatory arrangements simultaneously decrease flexibility and security

Inherent in these definitions is a break with the rather unfortunate misuse of 'trade-offs' in many flexicurity texts. In our understanding a trade-off can only be understood in terms of zero-sum terms, i.e. higher flexibility means lower security and vice-versa which is logically not flexicurity (Leschke et al. 2007). By introducing the idea of compensation, we arrive closer to the fact that some regulatory arrangements are not in balance by themselves and have to be countered by

compensation for the loss of either flexibility or security. As we are concerned with flexicurity and not any form of regulation, compensation has to be in the form of flexibility or security as depicted in the matrix. For example, we don't consider pecuniary compensation for loss of job security as flexicurity.

With this definition, we moreover don't pretend any complementarity in regulation as this would entail a clear causality showing how flexibility and security reinforces each other. Our aim is more modest entailing appreciation of when regulation moves in direction of balance. In a similar vein, we refrain from attempting to identify precisely when something is completely balanced.

Building on this notion of flexicurity, we now turn to our conceptualization of how collective bargaining contributes to development of these forms of balances. We do this following standard bargaining theory and industrial relations theory (Scharpf 1997; Walton and McKersie 1965). Note that the points on exchanges and joint problem solving are to a large extent similar to the seminal concepts of distributive and integrative bargaining by Walton and McKersie's (Walton & McKersie 1965).

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

Firstly, agreements via exchanges go by the logic that the potential trade-offs between flexibility and security (distributive) are somehow compensated using side-payments. For example, trade unions might accept removal of job demarcations in an agreement which increases functional flexibility but lowers employment security for members, in return for side-payments on social benefits (combination security) or rights to education (employment security).

Secondly, joint-problem solving involves bargaining on items where social partners identify common problems (integrative) or at least take ownership of each others' problems. The most cited example is training and education that simultaneously enhance functional flexibility and employment security.

Thirdly, most commonly collective agreements are package deals in which demands from both parties are pooled together and decided in one go. It is not necessarily agreement on every single item that prevails but rather a total consideration of costs and benefits that enables the agreement (Scharpf 1997). This way items that enhance flexibility and security can enter agreements even though a single-item negotiation would not have led to this result. Thus, in accordance with Madsen on the origins of Danish flexicurity, regulatory balances can be developed as an unintended consequence of historical processes (Madsen 2006) which are hard to roll back.

Fourthly, in line with Andersen (2005) and Wilthagen (1998) we believe that broad scope of bargaining topics enhances the possibility for exchanges, package deals and joint-problem solving. Of course one has to be mindful that there is a risk of this becoming tautological since possible bargaining topics will usually only reveal themselves analytically in the final agreement when the 'flexicurity scorecard' is made up.

The above bargaining dynamics and conditions are evidently not sufficient by themselves as real actors need to want and agree on development of flexicurity. Furthermore, as the analysis below will show, certain preconditions seem to allow for this kind of agreement.

## COMPARATIVE METHOD AND DATA

We have chosen our three countries on the basis of their generally different ways of regulating labour markets; the UK represents a market-based model, Denmark a collective bargaining model and Spain a state-dominated model. In line with the contextual approach to industrial relations (Locke and Thelen 1995) and the flexicurity research reviewed above, we would therefore expect that this general context for sector level bargaining and agreements will affect the contribution to flexicurity accordingly across our countries. As a working assumption, we argue that collective bargaining as a form of governance could be superior to legislation in providing flexibility due to the proximity to sectoral needs and the ability to customise. Concomitantly, collective bargaining should be superior to market-based solutions as the inherent power imbalance is countered by organized labour which could provide more security for workers. Note however, that we have not been able to ‘test’ empirically whether collective bargaining is superior to legislation or market-based solutions with regard to providing flexicurity balances as we only investigate formal flexicurity and not flexicurity in practice. Our expectations to countries are shown in the table below:

Table 2: Links between governance forms and flexicurity

	Flexibility	Security	Country
Markets	↑↑↑	↓	UK
Legislation	↓	↑↑↑	Spain
Collective agreements	↑↑	↑↑	Denmark

In line with our choice of countries, the paper adopts J. S. Mill’s method of agreement, which looks at two or more cases where only one condition is in common and linked to a certain outcome in the dependent variable (Ragin 1987). Corollary, if collective bargaining in our three very different contexts contributes to development of flexicurity, then the link between collective bargaining and flexicurity appears as a powerful explanation.

By fixing the unit of analysis to two sectors – print and electrical contracting – it is, furthermore, possible to hold conditions in markets and technology constant across countries (Marginson and Sisson 2006) and we get an opportunity to contrast flexicurity development in different business. Print was for a long time a traditional manufacturing industry, but has experienced rapid technological change and economic restructuring making it all the more interesting to investigate how balances of flexibility of security have been affected. Electrical contracting is a more internationally sheltered industry and resembles general construction. Thus, while international competition is somewhat limited, electrical contracting is highly sensitive to the national business cycles and relies on quick hiring and firing of personnel.

As noted, we restrict ourselves to analysing formal regulation of flexicurity in the sector level agreements. While this excludes ‘flexicurity in practice’, we nevertheless get a first-stage idea of how collective bargaining contributes to flexicurity, but acknowledge that the practical level is ultimately needed.

Employment in both print and electrical contracting is regulated through multi-employer agreements in all three countries, thus qualifying for our focus on sector level agreements. We provide a snap-shot of collective bargaining as we analyse the renewal of all agreements within a relatively short time span (2005-2008). It should be underlined that the Spanish electrical contracting sector is regulated via an umbrella agreement for general metalworking. This may alter any sector specific conditions affecting the balances of flexicurity.

Secondary literature was used to establish the context in which sectoral bargaining was carried out. This was followed by a document analysis of the relevant pieces of legislation and the collective agreements in order to establish the specific contribution of agreements on balances of flexicurity. We then traced the processes leading to agreement on provisions balancing flexibility and security in the agreements through interviews of lead negotiators in the concerned sectors using the above mentioned concepts of joint problem solving, exchanges and package deals. Fi-

nally, we compiled the results and compared them across countries and sectors. The study thus combines a study of *what* the contribution of collective bargaining is to flexicurity and *how* this comes about in actual processes.

## COMPARATIVE ANALYSIS

This section presents our main findings regarding the contributions of collective bargaining to flexicurity by showing similarities and differences across countries and sectors. This is followed by reflections on necessary preconditions for developing flexicurity appearing from our study.

### Variance across countries

Table 1 below gives an indication of variance across countries. *Undoubtedly, the UK and Danish agreements contributed more to development of flexicurity than the Spanish agreements*, but even in Spain the positive link to flexicurity is present. Seen in relation to our expectations for variance across countries, the contribution of UK agreements is the most surprising. Denmark fits expectations with a significant contribution to flexicurity, while Spain in general also fit the expectation of a modest contribution. Nonetheless, even in Spain we detected notable balances in agreements. We return to a discussion of the conditions behind these patterns.

All three countries have experienced an organized decentralisation (Traxler 1995) of *pay* setting through framework agreements. These can per se seen as an example of a win-win flexicurity pay-off as they set limits on downward pressures on wages (income security) and allow for upward variation (wage flexibility). In our process-tracings, social partners regarded pay framework as an exchange between setting the level of minimum rates and allowing for variation locally. Evidently – as with all other formal regulations – the actual practice and outcomes in the workplace will define the specific balance which might be skewed to one party or the other depending on local bargaining power. Moreover, the actual level of minimum wages constitutes the extent of income security.

It was clear that the framework character also applies to the issue of *working time*. In all three countries basic parameters have been established in the agreements with the possibility for local variation. Working time flexibility thus seems to have been high on employers list of demands be it in the form of annualised hours (Spain) or extensive shift-working (UK and Denmark). Since the potential win/win pay off between working time flexibility and combination security is such a complex issue depending on circumstances down to the individual, we have refrained from identifying flexicurity here. Generally, working time flexibility has been compensated by pay supplements but as we do not consider those as income security, it is hard to view this exchange as leading to flexicurity. It was only in Spain, however, that a symbolic reduction in overall working time was achieved, although it was on the wish list of trade unions in both the UK and Denmark.

Table 3: Summary table of countries and sectors

	Job security	Employment security	Income security	Combination security
External numerical flexibility		UK – PRINT  DK – PRINT DK – ELEC	UK – PRINT UK – ELEC  DK – PRINT DK – ELEC	UK – PRINT  DK – PRINT DK – ELEC
Working time flexibility	UK – PRINT	UK – PRINT  DK – PRINT DK – ELEC	UK – PRINT UK – ELEC  DK – PRINT DK – ELEC	UK – PRINT? UK – ELEC?  DK – PRINT? DK – ELEC?  ES – PRINT? ES – ELEC?
Functional flexibility	UK – PRINT	UK – PRINT UK – ELEC  DK – PRINT DK – ELEC	UK – PRINT   ES – PRINT? ES – ELEC?	
Wage flexibility			UK – PRINT UK – ELEC  DK – PRINT DK – ELEC  ES – PRINT ES – ELEC	

Abbreviations: Elec = electrical contracting; “?” = where flexibility balance is uncertainty

Only the Danish social partners reached substantial improvements on *training and education* and the win/win pay-off between functional flexibility and employment security. This was achieved through a governmentally induced breakthrough in the key bargaining sector. As soon as the general framework for skillsfoundations was agreed here, the other sectors followed suit only adapting on the margins to specificities in their area. In the UK, efforts were not missing, but the governmental inducements in print were not strong enough to establish an effective arrangement and in electrical contracting training efforts are hampered by the overwhelming use of self-employment. Social partners in Spain had not included training to any significant degree. In print, trade unions perceived the national training system as sufficient and the issue was not high on the bargaining list for employers who feared additional costs. In electrical contracting, the issue did not receive enough attention to enter bargaining. Spanish social partners instead focus on influencing the political arena where tripartite agreements fulfil the function of national skills provision systems. *Social benefits connected to certain life-stages/situations* serves to enhance both combination security and income security and practically all trade unions brought demands on benefits forward in negotiations. Indeed, conceding more benefits by employers was used as leverage for introducing flexibility on working time in both the UK and Denmark. These could best be seen as parts of the overall package deal where the lists of demands are joined allowing for final agreement which was indicated by social partners in both the UK and Danish interviews. A less visible and deliberate package deal was seen in the Spanish sectors where social benefits have at least paved the way for industrial peace, but also (perhaps) enhanced flexibility. The difference between the two former countries and Spain is how conscious social partners were about these overall package deals. Nonetheless, the fact that Spanish print employers got little from their wish-list indicates that the package deal logic involved less flexibility and more security, however small the changes actually are. In Spanish electrical contracting, employers seemed more interested in minimising changes altogether and in fact had no wish-list.



*Removal of job demarcations* was another key bargaining item which is connected to functional flexibility. In the UK print agreement social partners exchanged introduction of full functional flexibility with a guarantee that no individual would experience lower wages because of new tasks and responsibilities or lose their employment, i.e. a form of income security and job/employment security. In Spain, job demarcations were re-designed (not removed) which actually raised wage levels for workers. Perhaps this is why it was trade unions who promoted changes and not employers with the 'normal' interest in functional flexibility. In Denmark, print unions wanted something extra and the price for removing job demarcations was considered too high by employers. The Danish electrical agreement was already void of demarcations, although the certification system works to restrict employment to certain qualified workers.

Finally, cross-balances between *typical and atypical employment* refers to how flexibility and security for these two groups are interlinked and possibly contradictory by insider-outsider problems (Lindbeck and Snower 2002). Generally, EU-directives and specific provisions for atypical employment have potentially established equal treatment for part-time and fixed-term workers, while a draft directive on agency workers is still pending at present (April 2009). Agency workers thus still lack legal protection in the UK, while this seems to have been established in Denmark by labour tribunal rulings. In Spain, legislation from the 1990s established equal rights for agency workers.

However, collective agreements in focus here also contributed to these cross-balances.

In the UK and Denmark typical employment was protected through provisions that try to define and limit the use of atypical employment to certain situations. As such, job security for insiders is prioritised at the expense employment security for outsiders and numerical flexibility for employers. However, it is hard to judge whether these provisions are in fact aiding flexibility or restricting it. It could be argued that by putting some protection from under-cutting standards and over-use of atypical employment, these forms of flexibility are finally accepted – a form of exchange on the matter. In the present study, it remains inconclusive whether these provisions create cross-balances between groups or favour insiders. The Spanish agreements in focus were mute on atypical employment and social partners mostly referred to legislation on these items. However, viewed in the light of how different regulation exists for permanent versus fixed-term contracts, by far the biggest group of atypical employment in Spain, it is perhaps no wonder that Spanish collective agreements are mute on the subject. Legislation still protects typical employment and so trade unions have no incentive to put additional provisions in sector level agreements to protect their main constituency if they can rely on legislation.

### **Variance across sectors**

Variance of contribution to flexicurity across sectors and within countries is much more modest than across countries, reflecting the continued importance of national labour market models. However, we did find some patterns of variance due to the characteristics of markets and technology in the sectors and reflects the differences between manufacturing and construction industries.

We found most within country variance in *the UK*, probably due to the lack of national institutional frameworks for collective bargaining which, *ceteris paribus*, makes the contribution of collective bargaining to flexicurity more uneven and potentially more sector-specific. In UK print, working time and functional flexibility were pivotal and formed the backbone of employer demands in negotiations. Expensive machinery demands machine utilisation and thus working time flexibility. In electrical contracting the 'preferred' form of flexibility is external numerical as employment comes and goes with different building projects. Concerning functional flexibility, print differed from electrical contracting in that demarcations were still in force for the latter. Similarly, social partners in print have focussed to a much larger degree on how to enhance productivity through provisions of full-cost recovery and commitments to improve production processes. While the electrical contracting agreement speaks of this, it only does so in very generic terms. In line with other studies, it could be argued that pressure from international competition in print and the absence thereof in electrical contracting spur these differences (Marginson & Sisson 2006).

Differences between the two UK sectors could also be detected in their way of regulating atypical employment. This is undoubtedly a reflection of the very diverse situations of atypical employment the two sectors are facing. In print, the use of atypical employment is rather limited. Employers have conceded quite favourable rights for atypical workers to achieve permanent full-time employment through review procedures of local chapters depending on seniority. These rights by far exceed what is given in legislation. Conversely, UK electrical contracting has experienced an explosion of 'bogus' self-employment typical for construction and agency workers who undercut terms and conditions together with qualification levels. Social partners have tried to develop cross-balances between the typical and atypical forms of employment through co-option of the latter but to no avail.

The importance of institutional frameworks for similarity between sectors perhaps becomes most evident in the highly coordinated model of *Denmark*. Here sectors belonging to the two national confederations, LO (trade unions) and DA (employers) receive more or less the same bargaining guidelines from the key bargaining sector, so when negotiated items contribute to new or already existing balances, this is done more or less across all sectors. Differences between sectors lie in the detail and in customising provisions to sector-specific circumstances like administrative structures of benefits. However, a few notable differences do appear between the Danish agreements, albeit in the detail. Firstly, working time flexibility has received considerably more attention in the print bargaining round than in electrical contracting. Similarly to the UK, this revolved around shift working and how to reward it with premia. While not part of a specific flexicurity balance, it shows how the characteristics of the sector influence the bargaining process. In electrical contracting the 'preferred' form of flexibility is external numerical as employment comes and goes with different building projects. Secondly and connected to the point on external numerical flexibility, electrical contracting has slightly shorter notice periods than print which evidently relates to the nature of employment in the sector.

The cross-sector variance in *Spain* is extremely limited due to heavy legislative influence on provisions. The only significant difference found was provisions on leave that have been improved in print and not in electrical contracting. The extension of leave is, however, unpaid and the improvement on combination security can be called into question.

### **Preconditions for developing flexicurity in negotiation processes**

Our expectation to variance was based on a working assumption that the general contexts of labour market models would affect the contribution of sector level bargaining to flexicurity. Surprisingly, UK agreements in the market-based model displayed a significant contribution to flexicurity, and while the concerned sectors are deviant cases by any measure, they underline a continued potential of sector level bargaining in the UK. Denmark and Spain fitted expectations better with high and low contributions, respectively. But even in Spain we detected notable contributions. The study has identified five preconditions that seem to facilitate development of flexicurity and therefore can help explain this variance. Three are to be found in the institutional context of collective bargaining processes and two stem from the relations between social partners.

Firstly, we found that the *autonomy* of social partners to conclude agreements facilitates development of balanced bargaining outcomes. The logic is straightforward; if collective bargaining is to have any independent effect on flexicurity, it must be given autonomy to find solutions that balance the interests of social partners. So despite the different general contexts for sector level bargaining, both the UK and Denmark display this autonomy with a stress on voluntarism in industrial relations. In accordance, it seems clear that social partners in UK have been able to strike numerous balances between flexibility and security – and this without any (formal) coordination across other sectors and without any lead bargaining sector to follow. In Denmark, autonomy is given to social partners but in the lead bargaining sector of industrial manufacturing from which most groundbreaking compromises stem. As such, independent bargaining in Danish print and electrical contracting is restricted to the margins and to adapting general provisions, for instance on training and leave, to sectoral conditions. In the state-dominated model of Spain the sector level 'struggles' in

competition with national legislation even though the Spanish government in fact tries to encourage social partnership on for example leave arrangements, but with limited success in the concerned sectors. Thus instead of invigorating the bargaining agenda where this is possible social partners rely on the national legislation framework and try to influence the political and tripartite arena.

Secondly, in line with the notion of 'shadow of hierarchy' (Héritier and Lehmkuhl 2008), we found the importance of *the state as a facilitator* around the time of bargaining to be crucial. The importance of this precondition was evident concerning the contrasting negotiations on training in the UK and Denmark. Without a credible 'push' from the Government – shying away from overburdening employers – negotiations in UK print (electrical contracting did not negotiate on this in the analysed round) led to a sub-optimal solution without strong sanctioning mechanisms. This is despite the mutual recognition that UK print suffers from fights over placement of costs and avoidance of 'poaching' in the absence of a higher level coordination of training (Estevez-Abe et al. 2001). 'The shadow of hierarchy' was conversely present in Denmark when government influenced bargaining rounds on training. The process was first coordinated in tripartite forums, followed by a pledge by the government of additional funding and lastly with the lead bargaining sector setting up a skills-development foundation. In Spain, 'shadow of hierarchy' has a more coercive character as legislation is to be implemented through collective agreements. Conversely, the government's inducements to bargaining seem to fall short because of the relatively incapacity of social partners to reach agreements.

Thirdly, and related to autonomy, it was clear that *breadth of possible bargaining topics* facilitates development of flexicurity as the possibility for joint-problem solving, exchanges and package deals is enhanced. The reason why we distinguish between autonomy and breadth of topics is that autonomy does not necessarily induce social partners to actually bargain over items. A case in point is Spain where the state actually encourages bargaining but to no avail, since social partners can not successfully bring the item to the bargaining table. When additional items, however, do enter bargaining, the probability of reaching agreement that contributes to flexicurity was greater. We have already highlighted examples of how bargaining on social benefits facilitated agreement on working time flexibility in Denmark and the UK. The dynamic of exchange, but also package-deals, seemed to be at play when breadth of agreements is enhanced.

Fourthly, turning to the relational preconditions, we identified a minimum requirement of *power parity* between social partners. While power is a difficult concept to grasp or measure, a minimum degree of interdependence and equal force to back up bargaining claims was an important precondition for development of flexicurity. Elsewhere, Houwing (2008) has shown that to some degree trade union strength leads to more security in collective agreements and our analysis concurs that union strength is the key factor here. The continued resilience of union density in the UK and Danish sectors and the converse weakness of Spanish unions is an indication, albeit crude, of this point.

Finally, *mutual trust* between social partners appeared crucial for giving concession on items that might be costly for one party. The compensated trade-off variant of flexicurity is a prime example of when trust becomes important. By making a trade-off where one party's gain is the other's loss, the confidence that this will be compensated somehow is crucial for the trade-off to happen in the first place. These findings mirror research by Ilsøe (2007) and Søndergaard (2007) at company level on how to balance flexibility solutions to the interests of both employers and employees. When agreements can not be forced upon one party (as it seldom can in collective bargaining) trade-offs are therefore quickly dismissed which often result in stalemates if no credible compensation is offered (Ilsøe 2006; Søndergaard 2007).

Arguably, these preconditions are interrelated in complex ways. A case in point is Spain where the interplay of the preconditions hindered development of more flexicurity. Some of our Spanish interviews made reference to low trust and therefore underdeveloped bargaining agendas. The state-dominated model perhaps plays a role as a stumbling-block for collective agreements that include more items which could contribute further to flexicurity. It could be argued that Spanish trade unions as the weaker party therefore rely more on influencing legislation than on invigorating collective bargaining where employers block additional items on the bargaining agenda. Social partners

are in fact free to develop their sectoral alternatives to legislation and sometimes it is indeed legislation that induces collective bargaining as seen for example on Spanish policies related to work-life balance. Nonetheless, due to the low trust between social partners collective bargaining becomes reduced to the very basics and parties to the agreement refrain from advancing to other flexicurity elements.

In the UK, one could argue that the agreements are in a perilous situation due to the lack of a general and coordinated institutional framework. Put differently, collective bargaining in general (and with it development of flexicurity) to a high degree depends on the continued mutual trust and power parity of social partners to seek negotiated solutions. Once these preconditions disappear – and indeed they could very well as seen in other sectors – there is no institutional backing to withstand the erosion of sector level bargaining that has happened elsewhere in the UK economy. Corollary, autonomy becomes obsolete if relations between social partners deteriorate.

The Danish sectors on the other hand forms part of a coordinated IR system that produces outcomes with socio-economic consequences for the whole economy. As such, social partners can more easily trust each other as bargaining relations are firmly put into stable structures. While nothing is forever – certainly union density rates in decline and international economic pressures are changing the Danish model – this should make collective bargaining – and thus its contribution to flexicurity – more robust.

## **CONCLUSIONS AND PERSPECTIVES**

Flexicurity studies have often made reference to an apparent link between collective bargaining and development of regulation that fosters a balance between labour market flexibility and security. By comparing sector level bargaining in print and electrical contracting in the UK, Denmark and Spain our analyses have shown numerous examples of collective bargaining and agreements contributing to development of flexicurity. The contribution is most relevant on balances between wage flexibility/income security, working time/combination security and functional flexibility/employment security. Last but not least combination security through benefits in agreements seems to facilitate the compromises needed to enhance flexibility in general. These balances are most relevant internally in companies and for employed persons, while external flexicurity is mostly procured by public schemes and legislation.

Somewhat surprisingly, the UK agreements contributed significantly to flexicurity which is against our expectation that the generally hostile context for collective bargaining should affect flexicurity negatively. This finding is by no means representative of the UK, but alerts us to the continued relevance of sector level bargaining. Denmark was more in line with expectations of significant flexicurity development due to its continued resilience of collective industrial relations. The state-dominated model of Spain also fitted expectations of low degree of contribution, but even here collective bargaining procured balances.

In order to explain this variance, we identified four preconditions apparently necessary for collective bargaining to contribute. These were: Autonomy from legislation, the state as a facilitator, scope of bargaining items together with power parity and mutual trust between social partners. The UK and Denmark share the 'voluntarist' labour market model which seems to give the necessary autonomy and breadth of agreements. However, the two countries have generally quite distinct collective bargaining structures and especially the last two decades have lead to increased divergence. In fact, the UK print and electrical contracting sectors are by most measures 'deviant cases' in a country where collective industrial relations have almost eroded in the private sector. Without institutional backing for collective bargaining, the relations between social partners become all the more crucial for contribution to flexicurity. In Spain, legislation dominates which seems to affect the preconditions negatively as social partners have less incentive to develop sophisticated bargaining. Due to the wide divergence in these preconditions across European labour market models we wish to caution against naïve attempts at policy learning.

In conclusion, we find that our study has produced valuable insights into a hitherto omitted research question, but we also acknowledge that more studies are needed to reach a deeper under-

standing of the link between collective bargaining and flexicurity. We also wish to raise some notes of caution about inferring sufficiency and necessity of collective bargaining as a way to develop flexicurity. Firstly, while much effort has been put in the conceptualisation of an operational definition of flexicurity in this study, *flexicurity as an analytical concept still remains contestable and this weakens the validity* of the study. As we have only investigated formal regulation, we can not be sure that the espoused win/win pay-offs and compensated trade-offs are in fact balancing flexibility and security in practice at either company level or employee level (Chung 2007; Ilsøe 2006). Secondly, we fully concede that the contribution of *collective bargaining is by and large restricted to internal flexicurity* whereas external flexicurity is mainly provided in legislation. Thus if one believes that the relevant aspects of flexicurity lie in the ability of provisions to foster labour market mobility (Muffels & Luijkx 2008), then collective bargaining is arguably less pertinent for the concept. Thirdly, the researcher should ideally establish whether either national policies and/or managerially set company level policies equivalent to provisions in sector level agreements procured the same win-win pay-offs and compensated trade-offs found in the sectors covered in order to infer about necessity. However, the study did not include sectors without collective bargaining at sector level although this was the original intent of the authors.

What is thoroughly needed in future research on collective bargaining and flexicurity is the addition of flexicurity in practice to formal analysis. With this should be an appreciation of practice in sectors covered by collective agreements versus uncovered sectors. Moreover, the interactions between internal and external flexicurity should be explored more in-depth as among others proposed by scholars of the transitional labour markets approach (Schmid and Schömann 2003).

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## NOTES

1. Work in progress – please do not quote

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