EUROPEAN INDUSTRIAL RELATIONS OBSERVATORY

eiro observer

UPDATE 5'01

ISSN 1028 0588, Issue 5/01

The information and communications technology (ICT) sector is growing in importance in employment and economic terms, though it is going through a turbulent time at present, with restructuring in telecommunications and hardware now being followed by a growing crisis in the "new economy" of software and services.

In industrial relations terms, ICT is highly interesting for several reasons, not least because: its relatively recent development makes it attractive for examining the emergence of industrial relations patterns; many of its employees are seen as being more "independent "and "professional" than the "average" worker; and a strong US influence and background characterises the sector. The comparative supplement in this issue of *EIRObserver* outlines the main features and issues of industrial relations in ICT. It: sketches employment levels and characteristics; analyses collective bargaining; discusses the emergence, role and positions of trade unions and employers' organisations in the sector; examines current restructuring processes and industrial conflict; and comments on the prospects for industrial relations.

A key finding is that industrial relations are very different in the sector's three main segments - hardware/manufacturing, telecommunications and software/services. While more traditional patterns apply to varying extents in the first two segments, software and services are very much "a world apart" - however, recent problems in the "new economy" may be starting to normalise industrial relations there.

EIRObserver presents a small edited selection of articles based on some of the reports supplied for the *EIROnline* database, in this case for July and August 2001. *EIROnline* - the core of EIRO's operations - is publicly accessible on the World-Wide Web, providing a comprehensive set of reports on key industrial relations developments in the countries of the EU (plus Norway), and at European level. *EIROnline* - which has been comprehensively redesigned in September 2001 - can be found at:

http://www.eiro.eurofound.ie/

EIRO, which started operations in February 1997, is based on a network of leading research institutes in each of the countries covered and at EU level (listed on p.12), coordinated by the European Foundation for the Improvement of Living and Working Conditions. Its aim is to collect, analyse and disseminate high-quality and up-to-date information on key developments in industrial relations in Europe, primarily to serve the needs of a core audience of national and European-level organisations of the social partners, governmental organisations and EU institutions.

Mark Carley, Editor

EUROPEAN FOUNDATION *for the Improvement of Living and Working Conditions*

EU

European code of conduct agreed in hairdressing

A code of conduct has been signed by the European-level social partners in the personal services (hairdressing) sector. The code covers issues such as working conditions, fair wages, profits, lifelong learning, information and consultation of employees and combating non-declared work.

A code of conduct, entitled *How to get along*, was signed on 26 June 2001 by the European-level social partners in the personal services (hairdressing) sector - CIC Europe for the employers and UNI-Europa Hair and Beauty for the trade unions. The code is divided into separate sections containing principles and guidelines.

The preface to the agreement states that the hairdressing industry is of great importance in the EU as it comprises some 400,000 salons and employs over 1 million workers, amounting to some 8% of the total service sector in Europe. The parties to the accord state that the code has been formulated in order to "safeguard a favourable development with excellent standards for the mutual benefit of employers, employees, clients and society". They urge the social partners in this sector in all EU Member States to adhere to the guidelines contained in the code.

The principles

Good working relations between employers and employees are seen as essential to guarantee high-quality hairdressing salons with a well trained and highly motivated staff. The code adds that working relations are the result of trust, cooperation and continuous social dialogue. However, an excellent working environment can be achieved only if the following criteria are met:

- salons are profitable;
- wage and working conditions are fair;
- there is a favourable social working environment; and
- lifelong learning is promoted.

Profits

The parties state that profits are vital for the continued existence of salons and consequently for jobs. Healthy profits also make it possible for employees to enjoy good pay and working conditions. It is also important that employees should be informed about basic economic developments concerning their salon.

Wages and working conditions

High-quality work should, according to the code, be appropriately remunerated, and good wages help the image of the branch. This also attracts the best apprentices, encourages existing employees to stay and fosters high productivity. Similarly, good working conditions also encourage employees to stay, bringing stability and a better quality of life to salons. This also prevents disputes and contributes to the growth and profitability of salons.

Social working environment

The "social working environment" is defined as an environment where there is room for self-expression and creativity, co-responsibility of employees and a sense of teamworking. This in turn leads to less stress and a drop in absenteeism, benefiting both employees and customers.

Lifelong learning

The parties state that lifelong learning is the joint responsibility of employers and employees and that continuous vocational training is essential to enable a salon to keep abreast of changes and to keep ahead of competitors. Further, learning increases employability, which leads to employment security and mobility of employees.

The guidelines

To put the above principles into practice, the parties have drawn up a list of 10 guidelines. Within the context of national laws, labour relations and employment practices and specific responsibilities, employers and employees should:

- work together, in a spirit of cooperation and mutual understanding. This will contribute to the economic, social and environmental progress of salons, on the understanding that the objective of salons is to make profits. The parties should also work together to ban "black market work and non-declared work";
- not discriminate against customers or employees on any grounds, including sex, race, colour, ethnic or social origin, genetic features, languages, religion or belief, political or any other opinion, membership of a national minority, property, birth, disability, age or sexual orientation or nationality;
- respect principles governing the protection of children and young workers;
- provide the best possible pay and benefits in order to attract the best apprentices and guarantee high quality to customers;
- provide the best possible conditions of work (taking into account the necessary flexibility for the operation of the business) in the areas of health, safety and dignity, maximum working hours, daily and weekly rest periods and annual leave;
- help to reconcile family and professional life;
- encourage self-expression and employee co-responsibility, based on continuing training and lifelong learning. This should be aimed at improving skills levels and employee development in order to improve employability, increase employee mobility and create job enrichment;
- observe rules concerning protection against unfair dismissal;
- respect the right to freedom of association and collective bargaining; and
- inform and consult employees and their representatives "in good time" on "basic business figures of the salons and on matters of mutual concern".

The parties will follow up this code within the framework of their European-level sectoral social dialogue, which began in 1998. The code is not legally binding, although the parties to the agreement strongly recommend to their national members that they implement it in daily practice. The code will be distributed to all those involved in the sector, and is intended to reach a broad audience.

Commentary

This latest product of the EU-level sectoral social dialogue is significant, both in terms of the potential numbers of employers and employees covered, and in terms of its content. The hairdressing sector is estimated to account for around 8% of employment in the service sector in Europe, with many small and entrepreneurial businesses which are relatively difficult to regulate in terms of employment rights. The content is, compared with other similar initiatives, extremely detailed, covering a wide range of issues. The European Commission has described the code as "the most comprehensive adopted at European level so far".

The fact that the code also contains explicit commitments to engage in the fight against illegal and undeclared work is also significant as, in a sector which is characterised by small businesses, this issue can be problematic. Although, as the parties state, the text is not binding, there are hopes that adherence to its provisions will be strong across the sector and that this could inspire other sectors to develop similar codes of conduct. (Andrea Broughton, IRS)

EU0107227F (Related records: EU9909188F)

20 July 2001

Proposed mergers will unite service sector employers

In June 2001, four Danish service sector employers' organisations tabled a proposal for a major merger, bringing together organisations representing both employers' and business interests.

On 11 June 2001, four service sector employers' and business organisations tabled plans for a merger, which aims to ensure that the service trades will be able to speak with a single voice in the business environment. So far, the planned merger comprises the Employers' Federation for Trade Transport and Service (AHTS), Danish Transport and Logistics (DTL), the Chamber of Commerce (Handelskammeret) and the Association of the Hotel, Restaurant, and Leisure Industry (HORESTA).

If all four organisations gain support for the proposal from their congresses and executive boards, this new organisation grouping 12,000 employers, known as The Services (ServiceErhvervene, SE), will become a reality within a year. With this proposed merger, the service trades have taken a major step in the direction of an organisational structure similar to that of the Confederation of Danish Industries (DI). With the Chamber of Commerce's participation, SE will be a very broad employer and trade policy organisation.

Background

At a time when services are prospering and contributing significantly to the growth of the Danish economy and employment, the borderlines between the different organisations have become increasingly blurred and illogical. Their power, influence and political impact are no longer commensurate with the importance of services for the national economy and their dominant role in Danish business life. This accentuates the need for a more clear-cut organisational structure, so that the interests of services will no longer be handled by a patchwork of medium-sized organisations.

In line with the reduction of employment in the industrial sector, the time seems to have come for a stronger role for the service sector and the merger may thus be seen as reflecting a confrontation with DI over competition for members. The borderlines between the industrial and service sectors are becoming less clear. The upcoming merger aims to strengthen services, both within the Danish Employers' Confederation (DA) - to which SE will be affiliated - but also in political circles, by assuming a more independent role and ceasing to be an "appendix" to the industrial sector. The idea is that the business world will obtain a stronger position by being represented through two channels - the industrial sector in DI and the service sector in SE.

This was reflected in a comment by the DTL general secretary, Kaj Nielsen, on the planned merger: "It is a matter of power." As a new central organisation for the service trades, and with the slogan "together we are strong", the participants are confident that the larger membership will not only give SE a financial buffer, but also greater political influence in relation to legislative initiatives. Through efficiency gains in administration and in information technology, the merger will allow more room for political lobbying activities. A reduction of the tax burden and better training opportunities for employees in the services sector are among SE's political priorities. Another priority is to improve the promotion of Danish business interests at EU level by setting up a common office in Brussels.

Freedom of choice and flexibility will be needed when the patchwork of medium-sized service organisations with different needs and traditions are merged. The traditions of the four organisations are very different. AHTS is a traditional employers' organisation with special expertise in legal matters and collective bargaining, whereas the Chamber of Commerce and DTL have a more outwardly-directed role in trying to influence the political system and public debate. Other barriers to the merger are diverging positions in relation to matters such as the Shops Act and corporate taxes. These divergences will undoubtedly generate a need for internal sectoral units which will be able to cope with conflicting interests within SE.

DHS not involved

Denmark's third-largest employers' organisation, Danish Commerce and Service (DHS) which represents retail, office services and knowledge-based services, will not form part of the merger. From its foundation in 1993, DHS has been a combined employers' and trade organisation and can thus be seen as having taken the first step in the direction which has now led to the establishment of SE. DHS - seen as the "enfant terrible" within DA because many of its members are not organised in DA - was not informed about the plans until after the decision had been made to establish SE. DHS was invited to a meeting on 4 July 2001 where its participation in the merger was discussed. According to the DTL general secretary, this late involvement of DHS was due to the fact that some of the employers in this organisation are not DA members and this is considered problematic in relation to the planned merger. However, with its 6,000 member companies, DHS has a major say in DA and the question is whether the other parties in SE will stick firmly to their principles or whether DHS, which has shown an interest in joining, will soon become a member of SE.

Commentary

The merger of the representation of services seems necessary at a time where there is no longer a clear-cut difference between matters which are settled by collective bargaining and other business matters - a reality which the industrial sector realised and acted upon a decade ago. A joint organisation for the service sector will strengthen its importance and thus have an impact upon the power balance on the labour market and in industrial policy. However, SE's vision of a unitary organisation with a stronger political influence will probably come about only if DHS joins. The exclusion of DHS is even more surprising as it had only shortly before announced that it would be drawing closer to the other parties.

The forthcoming establishment of SE reflects a development which relies heavily on strong sectoral organisations so that the role of DA becomes less influential. It is, however, an open question whether DI will have lost its dominant role among employers on the next occasion that the representatives of the service trades sit down at the negotiating table. SE seeks increased influence and power, but will probably have to recognise that DI - with its 49.4% share of the total paybill of DA's member companies - will still be the "big brother" in relation to the service trades which, even with the participation of DHS, will not represent more than 27% of the DA paybill. (Lene Askgaard Hyldtoft, FAOS)

DK0107127F

20 July 2001

FRANCE

Report evaluates 35-hour week law at half-way stage

In June 2001, France's National Economic Planning Agency published a report seeking to present "the most balanced possible assessment" of the application so far of the recent legislation on the introduction of the 35-hour working week.

In June 2001, the National Economic Planning Agency published a report entitled *Reduction of working time: lessons from its analysis,* which assesses at the half-way stage the effects of the "Aubry" laws of June 1998 (*EIRObserver* 4/98 p.4) and January 2000 (*EIRObserver* 6/99 p.9), which reduced the statutory working week from 39 to 35 hours from 1 January 2000 for companies with more than 20 employees, and from 1 January 2002 for smaller firms. The report was prepared by a committee comprised of representatives of the state, trade unions, employers' associations and experts, though the largest employers' organisation, MEDEF, which was very hostile to both laws, refused to join the committee.

Positive evaluation overall

The report finds that the law has had a genuine impact on actual working time: 62% of full-time employees in companies with more than 20 employees now work a 35-hour week, whereas only 1.6% did so in 1996. It is estimated that the agreements on the reduction of working time signed up to December 2000 (the laws have been implemented primarily through collective bargaining) have generated a net total of 265,000 new jobs. The total expected effect, including firms with fewer than 20 employees, will be the creation of around 500,000 jobs. The combination of productivity gains, agreements on pay restraint and state funding has enabled the reduction of working time to be brought about without lowering monthly pay or negative impacts on companies' competitiveness.

Surveys of employees indicate that the vast majority feel that their quality of life has been improved, through the increase in free time. However, the results are much less satisfactory in relation to working conditions, due to an intensification of workloads and/or the irregularity and sometimes unpredictability of work schedules.

The two laws have boosted the volume of collective bargaining at sector and company levels to an exceptional degree, with more than 30,000 company-level agreements concluded in 1999 and 2000.

Recommendations

The report makes three key recommendations:

• the fight against unemployment requires that the law be applied to companies with fewer than 20 employees, on the date planned. Only negotiated adjustments can be countenanced if the transition process is difficult, eg if the firms concerned face recruitment problems;

• apart from the quantitative goals in terms of job creation or maintenance, a serious effort has to be made with regard to the quality of jobs, working conditions and bringing working time into line with other demands on time generated by people's social and private lives; and

• the extreme complexity of the legislation and its implementation through sector- and company-level agreements requires a radical overhaul. The law must be confined to the essentials such as setting the rules for "public industrial relations order" and regulations applicable where no collective agreement exists. The amount of freedom allowed to collective bargaining should be extended on the condition that the "legitimacy" of the agreements is ensured - ie the signatory trade unions must represent the majority of the staff concerned ("majority" agreements).

Three immediate problems

The report identifies three problems which should be addressed immediately;

• **the minimum wage**. The national minimum wage (SMIC) is set on the basis of an hourly wage. To avoid a pay cut, the law has provided for a monthly wage guarantee calculated on the basis of the rate of SMIC in force when the changeover to the 35-hour week occurs. As the SMIC is readjusted annually, wage disparities increase, depending on the date when the reduction of working time takes place in a particular company. The system is in urgent need of rationalisation;

• **calculating actual working time**. The application of the law has given rise to many disputes about the definition of the limits of working time (time spent training, travelling, teleworking, or on call at home etc). Collective bargaining and the courts must provide clearer and more stable definitions of actual working time (ie working time which is subject to the 35-hour norm); and

• **funding state aid**. The impact of the reduction of working time on employment and unemployment levels has had positive effects on state finances. There has been a reduction in the costs of unemployment benefit, higher social security contributions due to the new jobs created, and increased taxes paid on the corresponding salaries. Overall, state aid for the reduction of working time (which involves reductions in employers' social security contributions) may be approximately self-financing due to the costs avoided, and the extra revenue generated. Disputes have arisen from the fact that the social partners co-manage the unemployment insurance fund and are involved in the tripartite management of the social security funds. They thus rejected the state's unilateral decision to withdraw the corresponding sums from the fund-holding bodies to finance working time reductions. This issue has not yet been definitively settled.

Commentary

Contrary to the pessimistic forecasts made by their numerous detractors, the Aubry laws have generated a real reduction in working time, and a considerable level of job creation without negative effects on companies' competitiveness. The laws' consequences for working conditions are, however, more ambiguous, and have given rise to many industrial disputes about which the report remains silent.

While a heated political debate has begun on the prospects of revising the law or postponing its application to small firms, the report comes out in favour of maintaining the content and deadlines for the law's application, with some modifications, mainly arrived at through sector-level collective bargaining.

Although the quality of the assessment presented in the report is widely acknowledged, some of its proposals - those on the SMIC, the funding of state aid and the reform of the relationship between the law and collective bargaining - have sparked off a lively controversy. The proposals prefigure the difficult nature of the choices facing parliament and the government in a context dominated by the coming presidential elections in spring 2002. (Jacques Freyssinet, IRES)

FR0107170F (Related records: FR9806113F, FR0001137F, FR0007178F, FR0006170F, FR0007177N, FR9910112F, FR0101117N)

20 July 2001

Works Constitution Act reform adopted

The German parliament has approved a reform of the Works Constitution Act. Almost 30 years after the last major overhaul of the law on works councils, the government has now adjusted numerous provisions to the changed business environment, and in particular seeks to give works councils a say in areas such as training, employment security, the environment and fighting xenophobia and racism.

On 22 June 2001, the lower house of the German parliament passed legislation to reform the Works Constitution Act (BetrVG) by a majority of 336 votes to 208. The reform of the law, which determines the legal framework for co-determination at establishment level in the private sector through works councils, was strongly disputed. Trade unions and employers' associations expressed conflicting views on the original bill. While the employers saw no need for extending the co-determination rights of works councils, unions by and large supported the draft legislation issued by the Minister of Labour, Walter Riester, but argued that there was room for improvement.

While the coalition government of the Social Democratic Party and Alliance 90/The Greens largely supported Mr Riester's draft bill, the legislative process led to several changes compared with the original proposal. In several cases, such changes were those proposed by the German Federation of Trade Unions (DGB). Below, we summarise the most important changes introduced by the new law, focusing particularly on those provisions that were changed during the legislative process.

Election procedure and works council organisation

The new BetrVG will provide social partners with the opportunity to bring the structure of employee representation into line with modern forms of company organisation. Based on a collective agreement between unions and employers, or on a works agreement, company management and works councils are now empowered to adjust employee representative structures more flexibly and to introduce: works councils for special product or business units; works councils for subsidiaries of an establishment; or joint works councils for several establishments. In the event of company restructuring through mergers, acquisitions and buy-outs, the BetrVG now gives works councils a "transformation mandate" during the transitional period, for up to six months.

The most heavily disputed elements of the draft bill concerned the revision of works council election procedure. The unions argued that a revision of the law was necessary because the existing procedure was too complex and thus provided employers with ample opportunities to slow down or even prevent the election of works councils. According to the unions, these rules often kept, in particular, employees in small and medium-sized companies (SMEs) from initiating the election of a works council. The employers feared that easing the election provisions would merely benefit a minority within the workforce: a minority of employees would gain the right to initiate the election of a works council, even against the will of a "silent majority" who would prefer to do without collective interest representation.

Parliament largely followed the unions' reasoning and introduced a streamlined election procedure which applies to companies with between five and 50 employees. In companies with 51-100 employees, the social partners can voluntarily agree to apply this streamlined procedure. At the centre of the new election rules is a two-step procedure. First, an electoral board will be set up and candidates for the works council nominated. Later, after a waiting period of one week, the election will take place. While the new rule accommodates employers' concerns that "spontaneous moods" might lead to the creation of a works council, it also protects electoral board members from dismissal and thus addresses one of the unions' major concerns.

The new law will also abolish the "group principle", whereby blue- and white collar workers hold separate elections. Starting with the next works council elections in spring 2002, there will be a single joint election for both groups. Upon special request of the Greens, the SPD's coalition partner, there will still be separate lists of candidates when it comes to determining the works council members who are to be released from their regular work duties to perform their works council duties, and the members of special works council committees.

While the number of works councillors will be adjusted as foreseen in Mr Riester's initial proposal, the coalition government did not follow his lead in defining the number of works councillors to be released from their regular work duties. As shown in the table on p. 6, however, there will still be substantial improvements in the operation of works councils.

While the new law lowers the workforce-size threshold for a works council to be entitled to a full-time representative from 300 to 200, it also lowers the ratio of employees to released works councillors and thus improves the prospects for more professional interest representation. In addition, the new BetrVG introduces the possibility to release works councillors part time and improves works councils' operating conditions substantially. On the latter point, most of the provisions of the draft legislation have been adopted. In addition, the law gives all temporary agency workers who work more than three months in the same establishment the right to vote in works council elections.

Extending participation rights

As proposed in the initial draft legislation, the new BetrVG improves works councils' participation rights in a variety of fields and introduces new issues for participation. Notably, works councils will have the right to:

- be informed about and involved in all relevant aspects of environmental protection in the establishment and have the right to negotiate works agreements on this subject;
- suggest measures to fight racism and xenophobia at the workplace, veto the employment of people with racist attitudes and demand the dismissal of employees involved in racist activities at the workplace;
- insist that employers increase the working hours of part-time employees before hiring new workers;
- participate in setting the rules for group-work projects; and
- suggest measures on skill upgrading and further training which are likely to safeguard employment.

Compared with the draft bill, the final point in particular provides a substantial extension of works councils' rights. The new BetrVG gives works councils the right actively to initiate training measures and thus requires employers at least to enter a consultation process with the works councils on this issue.

Strengthening women's representation

The new law seeks to improve the representation of women in works councils. In particular, it seeks to increase the number of female works council members and improve the overall conditions for the representation of women's interests. In part at the unions' request, the new law exceeds the provisions of the original draft legislation. At the centre of the new rules is an "equality quota", which provides that the gender which is in a minority within the workforce must

Number of works council members released from work, old and new BetrVG

No. of released works councillors	Establishment size (No. of employees)	
	Old BetrVG	New BetrVG
1	300-600	200-500
2	601-1,000	501-900
3	1,001-2,000	901-1,500
4	2,001-3,000	1,501-2,000
5	3,001-4,000	2,001-3,000
6	4,001-5,000	3,001-4,000
7	5,001-6,000	4,001-5,000
8	6,001-7,000	5,001-6,000
9	7,001-8,000	6,001-7,000
10	8,001-9,000	7,001-8,000
11	9,001-10,000	8,001-9,000
12		9,001-10,000
One more for every additional 2,000 employees (or fraction thereof)	Over 10,000	Over 10,000

Source: Ministry of Labour.

be represented by at least a corresponding share of works council members. For the majority of establishments, this will establish a minimum quota for female representatives - which may be exceeded. A similar clause also applies for the election of the separate representative body for young workers and trainees.

The Act now acknowledges the special problems of female works councillors who work part time. In the past, these works councillors often had to fulfil large parts of their representative duties during their leisure time. The law will now improve the situation and give works council members with part-time contracts the right to time off in compensation for representation work done outside regular work hours. Finally, the law briefs works councils to deal with issues of reconciling family and work life and empowers them to propose plans for the promotion of women in the establishment.

Social partner responses

After the vote in parliament, several leading unions welcomed the new law. Dieter Schulte, the president of DGB, stated that the new law will improve the work of the works council and thus make it more appealing to employees to run for election to the council. In particular, the revamped election procedure for SMEs will benefit both employers and workers, because it makes elections less bureaucratic. Emphasising the new provisions on training and work organisation, Mr Schulte stated that it is also to the benefit of employers when employees' skills are up-to-date. There are, however, also some critical voices within the union movement. Although he acknowledges that the new law has brought some important improvements, Michael Sommer, the vice-president of the Unified Service Sector Union (ver.di), regrets that the unions were not able to gain more far-reaching co-determination rights in the field of fixed-term contracts and failed to lift restrictions on works council participation in subsidiaries of churches, political parties and the media.

For leading employers' representatives, however, the reforms included in the new BetrVG go too far. According to Dieter Hundt, president of the Confederation of German Employers' Associations (BDA), the new Works Constitution Act disadvantages SMEs in particular because it introduces more rules and bureaucracy, reduces companies' flexibility and increases the costs resulting from co-determination. Employers particularly oppose the new election procedure as well as the extension of the number of works council seats and of those works councillors released from their regular work duties. As Mr Hundt further argued, there is a pressing need to speed up the decision-making process in establishment-level arbitration committees, as well as in the fields of co-determination rights.

Commentary

Although phrases like "milestone in the history of industrial relations" or "landmark compromise" may be over-used, the reform of the Works Constitution Act has the potential to live up to these descriptions. Although the reform does not give employees a far-reaching set of new participation rights, when compared with the previous reform in 1972, it includes various options which might help to improve the operation of works councils as well as extend the issues for co-determination. However, it now depends on works councils, trade unions and the employees they represent whether they will take advantage of these options. Although the law makes it easier for the organised representation of labour to gain a foothold in the large number of companies without works councils, there is no automatic mechanism which would lead to coverage of these "blank spots". It is in particular up to unions to do this work and it will require them to devote substantial effort, time and resources. In this sense, the situation now is fundamentally different from 1972. In 1972, the left-wing government and the unions jointly sought to bring democracy and participation to the shopfloor and thus planned to improve the quality of representation. Today, however, it is a major goal of the new works council reform to keep co-determination from deteriorating. (Martin Behrens, Institute for Economic and Social Research, WSI)

DE0107234F (Related records: DE0102242F)

20 July 2001

Global agreement on fundamental rights signed at OTE

In June 2001, the Greek-based OTE telecommunications group signed an international agreement on workers' rights with the OME-OTE trade union, which represents most of its Greek workforce, and UNI, which represents telecommunications workers' unions worldwide.

On 26 June 2001, a "global agreement" was signed at the Hellenic Telecommunications Organisation (OTE) by company management, Union Network International (UNI) - which brings together telecommunications workers' trade unions worldwide - and the Federation of OTE Workers (OME-OTE) following close cooperation between UNI and its affiliate, OME-OTE (which represents some 90% of OTE's Greek workforce).

The agreement is based on the fundamental workers' rights set out in a number of International Labour Organisation (ILO) Conventions, and its main objective is to determine an operational code of conduct for the parties to the agreement, in order to implement in practice these agreed principles. Since the partial privatisation of OTE, the company has expanded from Greece into the Balkan region, and now has a presence in several countries.

Fundamental rights

The parties to the agreement declare their support for fundamental human rights in society and at the workplace, in the following areas:

- ensuring that employment is freely chosen;
- promoting the principle of equal opportunities and equal treatment;
- prohibiting child labour;
- respecting workers' rights to organise collectively and to bargain collectively;
- respecting the right of workers' representatives to represent workers;
- paying living wages;
- ensuring that hours of work are not excessive;
- providing decent working conditions;
- respecting others at work;
- giving all workers the right to participate in education and training without discrimination;
- respecting employers' obligations; and
- respecting the environment.

Implementation

In order to fulfil the above objectives and commitments, the parties agreed to conduct an ongoing dialogue and to meet regularly, on the basis of predetermined principles, notably the following:

- OTE management and representatives of UNI and OME-OTE will meet once a year;
- in addition, ad hoc meetings will be held, by agreement between the parties;
- during the annual meeting, OTE management will provide general information regarding the company's activities worldwide and the impact of these activities on workers' interests. This information will also include future estimates regarding the level and structure of employment in all OTE affiliates. The information will also include a description and evaluation of the company's social policies;
- during the meeting, OTE, UNI and OME-OTE will hold discussions on specific issues (eg trade union rights, equal opportunities, health and safety, education and new technologies) with the aim of agreeing on initiatives to promote good standards and practice in all the entities in which OTE is involved;
- OTE agrees to give advance notification to UNI and hold an extraordinary meeting with a UNI delegation if, in the interval between the annual meetings, new developments occur which are likely to have a significant impact on employees' interests; and
- costs arising from the implementation of the agreement will be borne by OTE. Such costs include the necessary transport, accommodation and other expenses for the agreed number of UNI representatives.

The parties agree that any differences arising out of the interpretation or implementation of the agreement will be examined jointly for the purpose of submitting recommendations to the parties concerned. If necessary, a monitoring group will be set up, which will consist of two members from OTE and two members from UNI. This group will report to the president of OTE and the general secretary of UNI.

In OTE's opinion, by establishing the basis for mutual information and constant dialogue, this agreement underlines the company's view that respect for workers' rights is an essential element in the development and advancement of industrial relations. In this context, the company will make efforts, as far as possible, to do business with contractors, subcontractors and suppliers which recognise and implement the abovementioned social criteria.

Reactions

At the signing ceremony on 26 June, the OME-OTE president, Panagiotis Kotronis, stated that the principles of union recognition, the right to organise, collective bargaining and social responsibility were taken for granted in Greece, and expected these principles to be respected wherever OTE does business. The OTE chief executive, Nikos Manasis, stated that at the previous day's annual general meeting of OTE shareholders he had committed the company to new principles of corporate governance, of which one key pillar was social partnership. Christos Economou of OME-OTE commented that the accord will mean a structured dialogue between the company and all unions concerned.

This agreement is a first in Greece and UNI states that it looks forward to working with its affiliates to develop the partnership.

Growing trend

UNI already has a "global agreement" with another telecommunications multinational, the Spanish-based Telefónica, and there are an increasing number of such international workers' rights deals in other sectors, in what appears to be a growing trend.

UNI itself has concluded a recent global labour rights agreement with the French-based commerce multinational, Carrefour. The International Federation of Building and Wood Workers (IFBWW) has agreed codes of conduct and similar deals with Faber-Castell (Germany, writing materials), Hochtief (Germany, construction), IKEA (Sweden, furniture) and Skanska (Sweden, construction). The International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM) has signed agreements with Freudenberg (Germany, components manufacturing) and Statoil (Norway, petrochemicals). The International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) has long-standing international agreements on specific issues (eg union rights) with Accor (France, hotels) and Danone (France, food).

Apart from international trade union organisations, European Works Councils have played a role in negotiating international codes of conduct or similar texts at Air France, Club Méditerranée (France, leisure), Suez Lyonnaise des Eaux(France, utilities) and Vivendi (France, utilities).

GR0107115N (Related records: EU0105213F, DE0004249N, EU0008267F, EU0103201F, EU0108231N)

6 July 2001

ITALY

New metalworking agreement signed despite Cgil opposition

In July 2001, Italian trade union unity was seriously breached by a dispute over the renewal of the pay terms of the national collective agreement for metalworking. Fim-Cisl and Uilm-Uil signed an agreement with the Federmeccanica employers' organisation while Fiom-Cgil opposed the deal.

Metalworking, which employs more than 1.5 million people, is one of Italian industry's most important sectors. Differences between the metalworkers' trade union federations - Fiom-Cgil, Fim-Cisl, and Uilm-Uil - surfaced when they were drawing up their platform of demands for the renewal of the national sectoral agreement signed in 1999 (*EIROobserver* 5/99 p.8). The traditionally close relations between the federations have been under strain in recent times, as have those between the Cgil, Cisl and Uil confederations.

The renewal negotiations concerned the agreement's financial aspects, which must be revised two years after the accord's conclusion. According to the 1993 national intersectoral agreement, which regulates the Italian collective bargaining system, sectoral wage negotiations which occur two years after the renewal of a national agreement should adjust wages to the real increase in the cost of living. Therefore, wage increases agreed at this stage should be equal to the difference between predicted and real inflation over the past two-year period, plus predicted inflation over the coming two years.

Fim-Cisl and Uilm-Uil agreed with this approach, which is shared by almost all other sectoral unions. Fiom-Cgil, by contrast, wanted the new wage agreement to include part of the increase in the metalworking sector's productivity over the past two years. The other two unions believed that the distribution of productivity gains should be entrusted to company bargaining.

Fiom-Cgil, Fim-Cisl and Uilm-Uil each had a different wage demand, and only through mediation by the general secretaries of the three confederations did they compromise on a single demand for a monthly wage increase of ITL 135,000 (EUR 70). This represented a 4.65% increase in the national minimum rate, composed of: predicted inflation for the two-year period 2001-2 (2.9%); plus recovery of the difference between predicted and real inflation for the previous two-year period 1999-2000 (1.1%); plus (an element added after mediation) a 0.6% increase, representing a share for workers in the sector's improved economic situation.

The negotiations

The financial part of the metalworking agreement expired on 31 December 2000. During the renewal negotiations, differences between the unions and the Federmeccancia employers' federation over the criteria for calculating wage increases sharpened. After the three unions jointly organised a strike on 18 May 2001, the social partners met again on 14 June and thereafter the divisions among the unions started to worsen. Federmeccanica was willing to review its previous offer of a monthly wage increase of ITL 85,000 (EUR 44). While refusing the unions' demand to include a productivity-related element, it proposed an additional amount to anticipate the difference between predicted and real inflation over 2001-2, on the basis of the difference already apparent in the first half of 2001.

Fim-Cisl and Uilm-Uil were willing to continue negotiations, while Fiom-Cgil rejected the offer and proposed to the other two unions that they should consult the sector's workers. Fiom-Cgil wanted to ask workers to confirm the joint bargaining platform which had earlier been approved through a referendum - a procedure Fim-Cisl and Uilm-Uil regarded as meaningless, asserting that further consultation of workers would be useful only after a positive conclusion to bargaining agreed by all three unions. Fiom-Cgil then unilaterally called a national strike on 6 July, thus ending the last possibilities of managing the whole dispute in a united fashion. Fim-Cisl and Uilm-Uil in turn called coordinated limited strikes prior to 5 July, in order to increase pressure for the positive conclusion of the dispute. On 27 June, Fiom-Cgil held an assembly at which the general secretary of Cgil expressed full support for Fiom-Cgil's action.

The metalworkers' unions had not known such disunity since 1966. The general secretaries of Cisl and Uil expressed their clear support for their respective sectoral organisations: the rupture between the metalworkers thus spread to the confederations.

Agreement signed by only two unions

On 3 July, Federmeccanica convened a final round of negotiations, which saw - for the first time in the Italian industrial relations history - the signature of a national collective agreement by only two of the sectoral federations affiliated to the three main confederations. Fim-Cisl and Uilm-Uil agreed with Federmeccanica a monthly increase in collectively agreed minimum wage rates of ITL 130,000 (EUR 70) - ITL 70,000 (EUR 35) in July 2001 and ITL 60,000 (EUR 30) in March 2002 - as a wage adjustment to inflation, plus a separate one-off payment of ITL 450,000 (EUR 225) - ITL 300,000 (EUR 150) in July 2001 and ITL 150,000 (EUR 75) in July 2002.

The increase of ITL 130,000 is calculated as follows:

- ITL 84,100 (EUR 42) in respect of predicted inflation over 2001-2, which had been projected by the previous government at 1.7% in 2001 and 1.2% in 2002;
- ITL 27,900 (EUR 14) in respect of the difference between predicted and real inflation over 1999 and 2000, equal to 1%; and
- ITL 18,000 (EUR 9) in respect of a portion of the difference between predicted and real inflation in 2001, equal to 0.6% (while inflation in 2001 was predicted to be 1.2%, the real inflation rate is expected to be 2.6%-2.8%).

The agreement thus provides for the recovery of almost the whole of inflation over 1999 and 2000, despite the fact that the employers had sought to exclude "imported" inflation arising from the weakening of the euro.

The most critical aspect was the 0.6% pay increase representing anticipated recovery of part of the difference between predicted and real inflation in 2001. On the basis of the 1993 intersectoral agreement, such compensation should have been paid only at the end of the two-year period 2001-2. According to Fim-Cisl and Uilm-Uil, obtaining this compensation in advance represents a concrete way of protecting workers. Fiom-Cgil and Cgil are very critical, stating that this portion of the wage increase will end up having to be handed back, and risks contributing to inflation.

Fiom-Cgil did not sign the agreement, considering the pay increase to be insufficient to recover the loss of pay purchasing power through inflation. The Cgil general secretary supported Fiom-Cgil's position and added that "Federmeccanica should take responsibility for having divided the unions."

In legal terms, the new agreement is valid and will be applied to all workers in the sector.

Unilateral strike

Fiom-Cgil's refusal to sign the agreement was followed by its unilateral strike on 6 July. On the same date, Fiom-Cgil and Cgil organised many demonstrations all over Italy. Figures on the number of participants in the strike and demonstrations differ greatly.

Fiom-Cgil reported high participation in the strike, while Fim-Cisl and Uilm-Uil called it a failure.

The Fiom-Cgil central committee met on 11 July and stated that it did not consider the matter closed. It thus decided to start collecting signatures calling for a referendum on the metalworking agreement and launched numerous protest actions in July and September.

Fim-Cisl and Uilm-Uil have organised plant-level meetings of their members to approve the agreement.

Reactions

The fact that the confederal unions have been divided over the conclusion of a collective agreement in such a key sector as metalworking has sent out shock-waves.

Luigi Angeletti, the Uil general secretary, defined the deal as "a good agreement which meets 97% of the requests contained in the trade union platform". Giorgio Caprioli, the Fim-Cisl general secretary, added: "despite the numerous efforts made by Fim and Uilm to involve Fiom, we regret the lack of a unitary agreement but we wanted to give a good result to workers, avoiding the risk of postponing the signature of the agreement till the end of the autumn."

Claudio Sabattini, the Fiom-Cgil general secretary, declared that Fiom's only opponent is Federmeccanica, and that "the possible pay increases will be only unilateral grants - the fight goes on to obtain everything demanded in the platform."

Guidalberto Guidi, an industrial relations advisor at the Confindustria employers' confederation, said that the agreement was very onerous for employers, but was the best that could be achieved.

Commentary

The Italian trade union movement's unity of action has been seriously stricken by the dispute over the metalworking agreement. The events are very significant because they question 10 years' work on trade union unity. There are at least four key issues behind the division between unions over the metalworking agreement, which will probably characterise the debate and perhaps the divisions among the unions in future.

Incomes policy

Fiom-Cgil's positions departed from the usual procedure that characterises such mid-term pay reviews of sectoral collective agreements. This was the first time since 1993 that a union had requested that sectoral wage increases should include a component to redistribute productivity growth. According to all the other unions, this issue should be dealt with by decentralised bargaining at company or local level, as established by the 1993 intersectoral agreement. The main concern arises from the fact that the general secretary of Cgil approved this position. Unions are divided on how to achieve a non-inflationary high-wage policy. Cgil's idea of using the national sectoral agreement rather than company bargaining to improve the purchasing power of workers will influence the predicted inflation rates that the government calculates. The risk is that unions could favour an increase in the predicted inflation rate, in order to have more room for wage bargaining at national level, rather than a reduction in the rate.

The bargaining system

A key issue for unions is whether the present two-tier bargaining system - national sectoral agreements and company/local agreements, with a substantial centralisation of wage bargaining - is appropriate for improving workers' purchasing power. Confindustria prefers a simplification of the whole system, believing that only the national level should be entrusted with defining wages. Unions are divided. Cgil would like to maintain and strengthen importance in wage setting of national bargaining, entrusting this level of bargaining with redistributing productivity growth. While Cisl and Uil want to maintain the role of national bargaining in defining minimum wages and conditions, they also want to strengthen the wage-setting function of decentralised bargaining, in order to maintain a more solid link between wages and productivity so as to make possible a non-inflationary high-wage policy.

Democracy and representation

Cgil has long supported legislation on the issue of trade union representation, regulating the relations between unions on the basis of the "majority principle" Cgil believes that there should be a law in the private sector similar to that in the public sector where, in order to reduce the fragmentation of union representation, the organisations allowed to negotiate and sign agreements must represent over 5% of the relevant workforce. Agreements are valid only if the signatory organisations represent the majority of the workers. According to Cgil, such a law in the private sector would recognise its predominance over the other unions. Cisl and Uil are against the proposed law.

While in the public sector the law has the function of protecting Cgil, Cisl and Uil from competition by "autonomous" unions, Cisl and Uil believe that in the private sector such legislation would destroy possible unity of action. This is because Cgil, which has a majority of union members in some sectors (eg metalworking), could feel authorised to act by itself. The impasse on the union representation law has highlighted the unions' own rules to manage their relations. These rules provide for referenda among workers to approve bargaining platforms and agreements. This is why Fiom-Cgil is calling for a referendum on the new metalworking agreement, believing that workers would reject the agreement and that negotiations would be reopened. Fim-Cisl and Uilm-Uil object because a referendum is foreseen only for agreements signed by all three unions, and non-union members should not be asked to vote to settle political disagreement among the unions.

The political situation

Cgil's positions seem to many to be influenced by a desire to play a role of social opposition towards the new centre-right government. If this happened, the trade union unity project would be definitively shelved. Cisl and Uil are not a priori against the new government, and want to judge each government decision exclusively on trade union grounds. The divisions between the unions also have implication for Italy's political alignments. Sergio Cofferati, the Cgil general secretary, has declared his intention to take part in the forthcoming congress of the Left Democrats (DS) - the political party of reference for most Cgil officials. Margherita, the other component of the centre-left parliamentary minority, which groups "moderate" parties, has entered into contacts with Cisl. A division between the two components of the centre-left political alignment occurred over the recent adoption of legislation transposing into Italian law the 1999 EU Directive on fixed-term work. Margherita was favourable to the common opinion on the issue signed by Cisl, Uil and most employers' organisations, while DS (like Cgil) was opposed.

The destiny of the Italian union movement will be decided during the forthcoming months. There will be either movement towards regroupment or a tremendous split which will make trade union action ineffective for many years, also resulting in problems on the political plane. (Domenico Paparella, Cesos)

IT0107193F (Related records: IT0007159F, IT0104180N, IT0107191N, IT0106187N, IT0107190N, IT9907249F, IT9803223F, IT0106187N, IT9804226F, IT9709311F, IT0106188N, IT0105282F)

20 July 2001

NETHERLANDS

Occupational pension fund issues still controversial

The allocation of occupational pension fund surpluses and the lack of influence of pensioners and employees in the management of pension funds are currently proving controversial.

Debate on the allocation of the surplus reserves of occupational pension funds has continued to rage in 2000 and 2001. It is estimated that approximately NLG 1.5 billion (EUR 680 million) was funnelled back from their pension funds to a number of large companies in 1999.

This situation has led to increasing dissatisfaction among pensioners. Between 1998 and 2000, 12 new company-specific interest groups for pensioners were set up at firms such as Rabo, Océ and Hunter Douglas Dissatisfaction has also been manifested in legal proceedings. In October 2000, the pension fund members' council for flight crew at the KLM airline filed a suit against their pension fund. The members' council - which comprises seven pensioners and eight current employees - rejected a proposal for the company's contribution to the pension fund to be reduced by NLG 100 million (EUR 45 million) in 2000. A majority on the council ultimately voted in favour of an agreement between KLM and flight crew trade unions on a reduction in the company's contribution accompanied by a pay increase for employees, which included the company agreeing to cover any pension fund shortfalls. This led to retraction of the lawsuit. Within the members' council, however, the positions of the current employees and pensioners were opposed. Legal proceedings were also pursued at Kemira where occupational pension fund surpluses were used to give the company a holiday from paying pension contributions.

In July 2001, the Dutch Association for Pension Interests demanded that occupational pension levels be increased by at least 5% instead of the current average of 1.6%, due partly to the fact that gross pay increased by 6% in 2000 and inflation was 5%.

Having a say in pension funds

According to a survey by the Social and Economic Council (SER), approximately 1 million Dutch employees and pensioners have no say in the management of their occupational pension money, despite being required to pay a contribution. Occupational pension funds are traditionally jointly managed by the social partners. The SER commissioned a study to determine the degree to which agreements concluded in 1998 among unions, employers and senior citizens' associations on increasing the influence of employees and pensioners in the pension fund management had had concrete results. The findings were published in July 2001.

The study found that two-thirds of sectoral pension funds and 43% of company funds had not established any form of employee and pensioner participation in the preceding three years. Because this absence of participation primarily concerns smaller funds, the percentage of pensioners and employees that have some say is between 80% and 90%. Participation takes many forms, such as a members' council, or reserved seats on the pension fund board.

In response, senior citizens' associations lobbied for supportive legislation. In early 2000, an initiative on this issue from the social liberal D66, one of the parties in the coalition government, ran aground in parliament. At the time, the State Secretary at the Ministry of Social Affairs and Employment did not support such legislation, partially due to a fear of increasing pension pay-outs. The largest coalition party, the Labour Party, and the opposition Christian Democrats did not wish to erode the power of the social partners in this area.

Pensions and the role of the government

In 1997, the government and social partners signed an agreement in which the government pledged not to intervene in occupational pensions as long as the social partners ensured a moderate development of pension costs. The agreement resulted in the government not taking any fiscal measures in February 2001 to force occupational pension funds to cut back expenditure. Calculations showed that pension costs had dropped by 0.24% over the previous three years to 14% of paybill. The question now is whether the 1997 agreement can weather the storm if occupational pension funds are compelled to increase premia.

Pension funds have increasingly been investing in shares. In 2000, the Civil Service Pension Fund (ABP), the largest Dutch pension fund, invested 38% of its assets of NLG 331 billion (EUR 150 billion) in shares. At the PGGM healthcare sector pension fund, the second largest, this percentage was 55%. During years in which share prices surged, this led to high returns, but in 2000 various funds - such as that at Shell- plunged into the red. During 2000, ABP booked a return of 3.2% and PGGM reached 3.4%. The meagre returns combined with high inflation have created a real possibility that contributions will have to be increased. The ABP states that the wage-price spiral that appears to be developing in the public sector will increase the pension fund's funding requirements. Given that high share returns seem to be a thing of the past, at least for now, and because lowering pension benefits is not feasible, the only choice is to raise contributions.

Commentary

On the controversial allocation of surpluses back to firms, the question of why employee representatives on the boards of some company pension funds agree to refunding companies arises. One reason mentioned is that employees are in a hierarchical relation to their employer and are sometimes chastised for taking a critical stance. Another reason offered is a division within the employee representatives' ranks, which include managers along with shopfloor workers. In such cases, the introduction of pensioners' participation can have a substantial impact.

Ultimately, in a formal sense, it seems that the employer's right to veto, as stipulated in the rules of most pension funds, is the decisive factor. In a more material sense, much is explained by the fact that trade union representatives on boards primarily consider the interests of current employees - in other words, the interests of their members more than those of former members. The money funnelled back to companies is often used to exempt employees from contributions and to bolster redundancy schemes in the event of reorganisation.

The chance of government intervention in the above areas does not seem likely. There are many occupational pension funds lacking participation arrangements, but the number of pensioners excluded is small. In these cases, the government's approach is to encourage self-regulation. Nor does government intervention in occupational pension levels seem likely. Compared with most European countries, the Dutch pension system is relatively stable and not a hot topic in a social and political sense. As far as the government is concerned, there is no reason to challenge the social partners in this area. (Robbert van het Kaar, HSI)

NL0108142F (Related records: NL9812111F, NL9808194F)

17 August 2001

PORTUGAL

Social partners discuss equality bargaining

During summer 2001, the Portuguese social partners held a number of seminars to discuss the issue of including gender equality matters in collective bargaining.

In June 2001, a seminar entitled "Equal pay in the 21st Century" was organised jointly by the European Trade Union Confederation (ETUC), the General Workers' Union (UGT) and the General Confederation of Portuguese Workers (CGTP), in order to promote the integration of the theme of equal opportunities for women and men as a topic in collective bargaining. The initiative was one of many forums that have taken place recently to discuss and reflect on the issue of gender-based wage disparities, which are of considerable concern in Portugal. According to the seminar participants, a number of measures are required to address the problem.

Persistent discrimination

Although several forms of discrimination in employment are present in Portugal, one of the most persistent and hardest to eradicate has been wage discrimination based on gender. Women in the Portuguese labour market continue to experience:

- horizontal and vertical segregation, which means that women tend to be recruited in sectors and jobs demanding lower qualifications and bringing lower wages. As an example, in the traditionally low-wage textiles and hotel sectors, women make up 72% and 60% of the workforce respectively;
- under-representation in those sectors offering higher average wages, such as the petrol industry (where only 10% of employees are women) and utilities such as electricity, gas and water (where only 16% of employees are women);
- little equality with regard to access to management positions. For example, only 2% of women in employment occupy supervisory positions, compared with 5.3% for men. Only 3.2% of all female employees are executive staff, while the figure for male employees is 5.7%;
- a greater likelihood of having fixed-term contracts and being subjected to precarious forms of employment; and
- wage disparities - women receive only 72.3% men's average earnings. In addition, the basic pay of women, on average, is only 76.5% of that of men.

In this context, trade unions have called for a number of measures such as:

- negotiations between unions and enterprises on wage-setting criteria that are more impartial and objective;
- the reclassification of job functions in order to bring them into line with today's reality and eliminate discrimination;
- stepping up inspections and monitoring to ensure equal opportunities for women and men and stamp out wage discrimination; and
- guaranteeing that a wide range of accurate, up-to-date statistics on gender aspects of pay are produced and published in order to aid decision-makers both in government and among the social partners.

The unions have suggested that equal pay should be an issue for collective bargaining, across the board, and not just a legal matter. This would permit links with other issues that determine wages, such as occupational categories, recruitment policy and access to vocational training. The claimed advantages of treating the equal pay issue in collective bargaining are that:

- the rules that are negotiated will be better suited to the reality of each enterprise and sector than those found in the law, which are at times too general;
- the obligation periodically to review collective agreements will allow the social partners to deal with matters related to equal pay for men and women; and
- mechanisms put in place to accompany the agreements will allow trade unions constantly to monitor the status of the equal pay issue. With this objective in mind, an observatory for equal opportunity in collective bargaining has been set up by the unions.

Social partners' views

The social partners were given an opportunity to state their overall positions on gender inequalities during a recent international meeting on equal employment and vocational training opportunities for women and men, organised by the Economic and Social Council (CES) and the Commission for Equality in Work and Employment (CITE).

According to the Portuguese Confederation of Industry (CIP), gender inequality is rooted in the culture, and the lack of relevant infrastructure and education. Dealing with the issue does not lie within the direct sphere of influence of enterprises, being an issue for society as a whole. As such, it is not legitimate to ask enterprises to take upon themselves a task that is the responsibility of the state.

The Portuguese Confederation of Commerce (CCP) believes that the core issue in any policy that deals with gender inequality is to create infrastructures that will permit people to reconcile the demands of their work and family lives.

According to CGTP, the positive developments that have taken place in this area have not eliminated the problems of gender discrimination. Serious disparities still exist in wages, access to professional success, vocational training and promotion. According to a CGTP spokesperson, the problem is rooted in cultural prejudices, recruitment practices and discriminatory treatment by employers which view child-bearing and -rearing as a stumbling block to profits and competitiveness. The CGTP national coordinator also pointed out that there is an urgent need for mechanisms that monitor and punish those that break the law in this area.

The general secretary of UGT highlighted both negative and positive aspects of the situation. In the first category, he stated that Portugal is one of the EU countries with the largest gender wage gaps, while women's access to positions of greater responsibility is lower than the European average. On the positive side, the number of women who work outside the home in Portugal is higher than the European average, while a significantly large number of women have attained higher positions at Portuguese universities.

Commentary

These recent initiatives underline the need for much more debate on equal pay and on the gender equality issues that should be dealt with in collective bargaining. Impartial and objective criteria for fair treatment have to be found so that standards can be set and negotiations on the issue can be constructively dealt with by public and private employers. (Ana Almeida, UAL)

PT0108163F (Related record: PT0107158F)

17 August 2001

eiro observer
12

EIRObserver

ISSN 1028 0588, Issue 5/01

EIRObserver is published by the European Foundation for the Improvement of Living and Working Conditions. It is the regular information newsletter of the European Industrial Relations Observatory (EIRO). Enquiries about EIRO should be made to the EIRO Unit, tel: +353 1 204 3100, fax: +353 1 282 6545, e-mail: eiroinfo@eiro.eurofound.ie

Editor: Mark Carley
Production: Shivaun Lindberg
Typeset and printed by Printset & Design Ltd, Dublin

The European Foundation for the Improvement of Living and Working Conditions is an autonomous body of the European Union. It was established by a regulation of the EC Council of Ministers of 26 May 1975. This regulation was the result of joint deliberations between the social partners, national governments and Community institutions on the ways and means of solving the ever-growing problems associated with improving living and working conditions.

Director: Raymond-Pierre Bodin
Deputy Director: Eric Verborgh

An advisory committee for industrial relations has been set up to monitor EIRO as well as all the Foundation's other industrial relations activities. The advisory committee has a tripartite structure: employers, trade unions, governments and the European Commission are represented.

Initial enquiries about other Foundation work should be made to the Information Centre.

European Foundation for the Improvement of Living and Working Conditions, Wyattville Road, Loughlinstown, Dublin 18, Ireland, tel: +353 1 204 3100, fax: +353 1 282 6456, e-mail: postmaster@eurofound.ie.

Printed in Ireland

Cat. No TJ-AB-01-005-EN-C
Foundation No. EF/01/65/EN

THE NATIONAL CENTRES OF EIRO

European Union Level
Industrial Relations Services, 60 Boulevard de la Woluwe, 1200 Brussels and 18-20 Highbury Place, London N5 1QP.
Contact: Andrea Broughton, tel: +44 20 7354 6714, fax: +44 20 7359 4000, e-mail: andrea.broughton@irseclipse.co.uk

Austria
Institute of Government, Department of Industrial Sociology, University of Vienna, Bruenner Strasse 72, A-1210 Wien.
Contact: Susanne Pernicka, tel: +43 4277 38315, fax: +43 1 4277 38318, e-mail: Susanne.Pernicka@univie.ac.at

Belgium
Institut des Sciences du Travail, Place des Doyens 1, 1348 Louvain-La-Neuve.
Contact: Catherine Delbar, tel: +32 10 474802, fax: +32 10 473914, e-mail: delbar@trav.ucl.ac.be

Denmark
FAOS, Dept of Sociology, University of Copenhagen, Linnesgade 22, 1361 K Copenhagen.
Contact: Carsten Jørgensen, tel: +45 35 32 32 99, fax: +45 35 32 39 40, e-mail: cj@faos.dk

Finland
Ministry of Labour, Mikonkatu 4, FIN 00100 Helsinki.
Contact: Juha Hietanen, tel: +358-9-1856 9260, fax: +358-9-1856 9227, e-mail: juha.hietanen@mol.fi

France
IRES, 16 boulevard du Mont-d'Est, 93192 Noisy le Grand Cedex.
Contact: Maurice Braud, tel: +33 1 48 15 18 95, fax: +33 1 48 15 19 18, e-mail:Maurice.BRAUD@ires-fr.org

Germany
WSI in der HBS, Bertha-von-Suttner-Platz 1, D-40227 Düsseldorf.
Contact: Thorsten Schulten, tel: +49 211 77 78 239, fax: +49 211 77 78 250, e-mail: Thorsten-Schulten@boeckler.de

Greece
INE-GSEE, Emm. Benaki 71A, 10681 Athens.
Contact: Eva Soumeli, tel: +30 1 33 03 718, fax: +30 1 33 04 452, e-mail: ineobser@otenet.gr

Ireland
CEROP, Graduate School of Business, University College Dublin, Carysfort Avenue, Blackrock, Co. Dublin.
Contact: John Geary, tel: +353 1 706 8974, fax: +353 1 706 8007, e-mail: geary_j@blackrock.ucd.ie

Industrial Relations News, 121-123 Ranelagh, Dublin 6.
Contact: Brian Sheehan, tel: +353 1 497 2711, fax: +353 1 497 2779, e-mail: bsheehan@irn.iol.ie

Italy
IRES Lombardia, Via Pompeo Litta 7, I-20122 Milano.
Contact: Marco Trentini, tel: +39 02 541 18 860/541 20 564, fax: +39 02 541 20 780, e-mail: ireseiro@galactica.it

Fondazione Regionale Pietro Seveso, Viale Vittorio Veneto 24, I-20124 Milano.
Contact: Roberto Pedersini, tel: +39 02 290 13 198, fax: +39 02 290 13 262, e-mail: frpseiro@tin.it

CESOS, Via Po 102, 00198 Roma.
Contact: Marta Santi, tel: +39 06 842 42 070, fax: +39 06 853 55 360, e-mail: cesos@mclink.it

Luxembourg
Marc Feyereisen, Cour administrative, 1 rue du Fort Thuengen, L-1499 Luxembourg.
Contact: Marc Feyereisen, tel: +352 42105 7860, fax: +352 42105 7888, e-mail: marc.feyereisen@ja.etat.lu

Netherlands
HSI, Faculty of Law, University of Amsterdam, Rokin 84,1012 KX Amsterdam.
Contact: Robbert van het Kaar, tel: +31 20 525 3962 / 3560, fax: +31 20 525 3648, e-mail: kaar@jur.uva.nl

Norway
FAFO Institute for Applied Social Science, PO Box 2947 Toyen, N-0608 Oslo.
Contact: Kristine Nergaard, tel: +47 220 886 00, fax: +47 220 887 00, e-mail: kristine.nergaard@fafo.no

Portugal
UAL, Palácio dos Condes de Redondo, Rua De Santa Marta 47, P-1150-297 Lisboa.
Contact: Maria Luisa Cristovam, tel: +351 21 844 14 08, fax: +351 21 317 76 73,
e-mail: mlc@universidade-autonoma.pt

Spain
CIREM, Travessera de les Corts 39-43, lateral 2a planta, E-08028 Barcelona.
Contact: Maria Caprile, tel: +34 93 4401000, fax: +34 93 4404560, e-mail: maria.caprile@cirem.es

QUIT (Grup d'Estudis Sociologics sobre la Vida Quotidiana i el Treball), Departament de Sociologica, Edifici B, Campus Universitat Autònoma de Barcelona, Bellaterra 08193, Barcelona.
Contact: Clara Llorens, tel: +34 93 581 2405, fax: +34 93 581 24 37, e-mail: eiro.esp@uab.es

Sweden
Arbetslivsinstitutet
Postal address: 11279 Stockholm.
Visiting address: Warfvingesväg 25, 11279 Stockholm.
Contact: Annika Berg, tel: +46 8 619 67 00 / 619 67 99 , fax: +46 8 656 30 25 , e-mail: annika.berg@niwl.se

United Kingdom
IRRU, Warwick Business School, University of Warwick, Coventry CV4 7AL.
Contact: Mark Hall, tel: +44 24 7652 4273, fax: +44 24 7652 4184, e-mail: irrumha@razor.wbs.warwick.ac.uk

Other Relevant European Commission Observatories
Employment Observatory
Contact: ECOTEC Research and Consulting Ltd, 28/34 Albert St, Birmingham B4 7UD, UK, e-mail: eeo@ecotec.co.uk, web: http://www.ecotec.com/eeo

Community information system on social protection (MISSOC)
Contact: ISG, Barbarossaplatz 2, D-50674 Cologne, Germany, tel: +49 221 235473, fax: +49 221 215267, web: http://europa.eu.int/comm/employment_social/missoc2000/index_en.htm

eiro observer i

Industrial relations in the information and communications technology sector

The information and communications technology (ICT) sector is an interesting case study in industrial relations terms for several reasons. First, the sector is relatively young, which makes it attractive for examining the emergence of industrial relations patterns. Second, the average employee of ICT companies often bears more resemblance to a highly-skilled "autonomous professional" than to the average worker that usually comes to mind when studying industrial relations. Third, a strong US influence and background characterises the sector, with consequences for industrial relations, including the prevailing attitude towards trade unions. Fourth, the sector is dynamic and growing, and generates a significant number of jobs.

The ICT sector encompasses many different activities and companies. Here, we refer to a definition agreed by the Organisation for Economic Cooperation and Development (OECD) in 1998. This definition of the ICT sector is based on the following principles:

• for *manufacturing* industries, for inclusion in the ICT sector, the products of an industry must be intended to fulfil the function of information processing and communication, including transmission and display, and must use electronic processing to detect, measure and/or record physical phenomena or to control a physical process; and

• for *service* industries, the products of an industry must be intended to enable the function of information processing and communication by electronic means.

We distinguish between three segments within the ICT sector: hardware and manufacturing; telecommunications; and software and services. This supplement:

• sketches employment levels and characteristics in ICT;

• analyses collective bargaining in ICT;

• discusses the emergence, role and positions of trade unions and employers' organisations in the sector;

• examines restructuring processes and industrial conflict; and

• comments on the prospects for industrial relations in this diversified sector.

This supplement is an edited version of a full comparative study - based on the contributions of the EIRO national centres in the 15 EU Member States, plus Norway - available on the *EIROnline* website. The more detailed study also contains a section (omitted here) reviewing the (scarce) research findings on industrial relations in ICT.

Employment in the ICT sector

Employment in the ICT sector as a whole has grown continuously since the 1970s. For example, in Italy, employment in ICT has in recent years increased at a rate three to four times higher than the overall rate for manufacturing and service companies. In Finland, employment in ICT increased more than sevenfold between 1976 and 2000. In France, employment in the sector has shown much stronger growth since 1995 than overall employment.

In terms of its share of total employment, however, ICT can still not be considered a major sector. Employment in ICT constitutes between 1.1% of the total workforce (Greece) and around 5% (UK), with the majority of countries in the range between 2.9% and 3.9%. Nevertheless, the economic importance of the sector, in terms of turnover, is much higher than suggested by the employment figures. In 2000, ICT accounted for 6.3% of GDP in western Europe.

Uneven growth

Growth in employment has been very uneven in the different activities that comprise ICT. In hardware and manufacturing, employment has declined in a number of countries. Software and services, however, have shown double-digit employment growth figures. For example, in Denmark, employment in the ICT manufacturing industry declined slightly between 1992 and 1998, while in ICT services it grew by over 30%. In Germany between 1997 and 2000 employment in ICT services grew annually by 10%-16%, while manufacturing and telecommunications experienced either stagnation or a significant decline in employment.

Recently, however, the high growth in software and services seems to have run out of steam. The downturn in technology shares and investors' new reluctance to support "dot.com" companies have resulted in a fall in recruitment in dot.com start-ups. Several software companies have had to ask for suspension of payments or gone bankrupt.

Large and small firms

Generally, large companies dominate telecommunications, whereas small firms dominate software and services, albeit with notable exceptions such as Microsoft and SAP. Hardware lies between the two extremes. Over time, the average size of firms seems to be decreasing.

In telecommunications, this has mainly been due to the liberalisation of the market in Europe, accompanied by both split-ups and the emergence of new firms. The software and services sector in particular has witnessed the emergence of many small and very small firms. This decrease in average size has major consequences for industrial relations - it is well established that unionisation and bargaining coverage increase with size.

Labour shortages

The general impression of the ICT sector is often one of continuous growth and permanent labour shortages. This is largely correct as far as software and services are concerned. Specific skill shortages are reported from most countries for installers, system developers, software technicians, internet specialists etc. In hardware and telecommunications, however, the picture is much less clear. Moreover, in recent months the picture for software and services has also begun to change.

The shortage of qualified employees in ICT has induced several governments - eg Ireland and Germany - to set up training facilities, or take other measures. In several countries a debate, or action (as in Germany) has started on the "import" of foreign workers from outside the EU as a solution to shortages of skilled ICT personnel.

Teleworkers

In a sector characterised in many ways by the "disembodied" nature of its activities, one would expect a high degree of teleworking. Although accurate figures for all countries covered are not available, it is reported from a number of countries - eg France and Italy - that the ICT sector includes a relatively large group of teleworkers, or that their number is growing fast. However, in other countries - eg Belgium and Denmark - telework seems less important in ICT.

Collective bargaining

In most countries, ICT hardware and telecommunications have a long tradition of collective bargaining and collective agreements, while ICT software and service companies in many countries are either not covered by bargaining structures at all, or only very recently. Table 1 on p.ii provides a broad overview of the overall structure of bargaining in ICT in the 16 countries examined here.

Bargaining coverage

What statistical data is available on bargaining coverage in the ICT sector is set out in table 2 on p.iv (figures refer to whole sector, unless stated otherwise).

Austria and Belgium can be considered special cases: all employees in all sec-

Table 1. Overall structure of collective bargaining in ICT sector, EU and Norway

Country	Bargaining structure
Austria	Sectoral bargaining predominates. First sectoral agreement for IT sector - formerly covered by commerce agreement - signed in 2000. Hardware manufacturing and telecommunications companies covered by relevant sectoral agreements. Coverage of sectoral agreements is 100%.
Belgium	Sectoral bargaining predominates (within intersectoral framework), conducted by joint committees. No specific sectoral agreement/joint committee for ICT, but all firms in sector covered by other agreements/committees, principally those for: blue-collar workers in metalworking, engineering and electrical trades; white-collar workers in these trades; white-collar workers in sectors without a specific agreement (includes IT firms, multimedia companies and call centres); and the Belgacom semi-publicly owned telecommunications concern.
Denmark	Sectoral and company bargaining. The five main sectoral agreements - one in industry, two in services and two in finance - contain protocols governing ICT work. Bargaining coverage higher in hardware and telecommunications than software and services.
Finland	Sectoral bargaining predominates. Specific agreement covers entire ICT services sector (excluding supervisors and managers), and is "generally valid" (ie covers non-organised employers and employees as well). Hardware manufacturing and telecommunications companies covered by relevant sectoral agreements. Sectoral agreement for internet workers currently being drafted.
France	Sectoral and company bargaining. Specific sectoral agreement covers information technology, engineering consultants and consulting ("SYNTEC"). Specific sectoral agreement covers telecommunications, apart from France Télécom staff with civil servant status. Hardware manufacturing companies covered by metalworking agreement. Company agreements in firms such as Cap Gemini and IBM.
Germany	Sectoral and company bargaining. No specific sectoral agreement for ICT. Most hardware manufacturing companies covered by metalworking agreement, but some have company agreement (eg IBM) or no agreement (eg Hewlett-Packard). Telecommunications companies generally covered by company agreements (though some have no agreement). Few software and services companies (eg Bull and Compaq) covered by metalworking agreement, but most bargaining at company level - in some cases (eg Debis and SINTEC)adapting the metalworking agreement, but generally company-specific. However, most ICT services companies not covered by any agreement - usually SMEs but some larger firms (eg SAP or Microsoft)
Greece	No sectoral bargaining, but some company bargaining. Main telecommunications companies - OTE and Intracom - have company agreements. No bargaining in software and services firms (mostly SMEs).
Ireland	No sectoral bargaining, and few company agreements, except in telecommunications (eg Eircom).
Italy	Sectoral and company bargaining. No specific sectoral agreement for ICT. Hardware manufacturing covered generally by metalworking agreement. Telecommunications has own sectoral agreement (signed in 2000), but some firms, or parts of firms, apply metalworking agreement. Software and services companies apply variety of agreements - eg commerce (especially SMEs), metalworking and crafts. Sectoral agreements often supplemented by company-level agreements in larger firms - probably most widespread in production of office equipment, radio and TV sets and telephony apparatus, and especially telecommunications (subsectors where firms tend to be larger).
Luxembourg	Company bargaining. Most larger ICT firms - eg Thomas & Betts, CSC Computer Sciences Luxembourg, Siemens-Nixdorf, Telindus, Omnis and Cetrel - have company agreements.
Netherlands	Sectoral, but mainly company bargaining. Sectoral agreement for the hardware sector, though nine larger companies (eg Bull, Datelnet, Alcatel, Cinram, Detron, Lucent, Océ, Xerox and NRG Benelux) have own company agreements. In software, six larger companies (Hiscom, Getronics, Debis IT services, Pink Raccade, EDS and Atos-Origin covered by a company agreement.
Norway	Sectoral and company bargaining. Hardware manufacturing companies generally covered by engineering agreement, but a few covered by a specific technology and data agreement. Main telecommunications group, Telenor, covered by group-wide and individual company agreements. Software and services firms may be covered by sectoral agreements for data and office equipment, installation companies or information processing/electronic media - though some unorganised firms have company agreements.
Portugal	Sectoral and company bargaining. Hardware manufacturing companies covered by electrical and electronic equipment industry agreement. Larger telecommunications companies generally covered by company agreements (eg Portugal Telecom and Portugal Marconi) - union attempts to draw up sectoral agreement so far unsuccessful. Some aspects of ICT services covered by electrical, photographic and electronic commerce sectoral agreement.
Spain	Sectoral and company bargaining. No specific sectoral agreement for ICT. Hardware manufacturing and software and services companies covered by variety of sectoral agreements - notably for metalworking and offices - though specific agreement for telemarketing . Large telecommunications firms (eg Telefónica) have company agreements.
Sweden	Sectoral and company bargaining. A few specific agreements between employers' associations and unions cover some parts of ICT sector - eg white-collar workers employed by affiliates of new ITA IT and telecommunications employers' association - but companies generally covered by wide range of agreements for other industries. Various company agreements on specific issues at larger ICT companies (eg Telia and Ericsson) but scarcer in smaller and newer firms.
UK	No sectoral bargaining and relatively little company bargaining. Across ICT sector as a whole, little collective bargaining. However, some company agreements in hardware manufacturing firms (eg LG Electronics) and plant- or business unit-level bargaining in companies such as EDS, CSC, Cap Gemini, ICL and IBM. Longer-established telecommunications firms (eg British Telecom) often have company agreements, but many newer ones (eg Vodafone) do not.

Source: EIRO.

tors are covered by (primarily sectoral) collective bargaining.

Although only a few countries have detailed figures on bargaining coverage in the different ICT subsectors, the general picture is quite clear. Telecommunications, manufacturing and hardware are traditionally covered relatively well. The picture is very different for software and service companies. Many of these are very small, and are not covered by bargaining at all. There are many factors that help explain this:

- in general, bargaining coverage of smaller firms is below average. In some countries, a duty to bargain at company level only arises once a certain workforce-size threshold is passed - eg France;
- many software and services firms are very young and it usually takes some time before bargaining structures emerge;
- many employees consider themselves as "professionals" and would arguably not consider joining a union. Instead, they prefer to negotiate their own terms of employment;
- the internal organisation of these firms often resembles a partnership more than a traditional organisation with a strict hierarchy;
- the very tight labour market induces employees to negotiate for themselves; and
- many employersare unenthusiastic about unions and collective bargaining.

These different factors are partly related and tend to reinforce each other. The outcome is the same in most countries: very low bargaining coverage in software and services, with the exception of countries where coverage is 100% (Austria and Belgium) and countries where sectoral agreements have been extended to include all employers and employees - whether organised or not - in a sector or subsector, such as Finland and France**.**

Structure of collective bargaining

In none of the countries covered by this study is the whole ICT sector covered by a single sectoral collective agreement, and a distinction must be made between the different parts of the sector.

In **manufacturing and hardware,** sectoral agreements often apply - though specific sectoral accords are rare, with companies generally covered by the agreements for wider sectors, usually metalworking/engineering. In France, ICT manufacturing firms are usually governed by the metalworking collective agreement (IBM is an example). The same goes for Germany, where many of these companies have their roots in the metalworking industry. In Italy, hardware is covered by the metalworking sector agreement and wire and cables by the chemicals agreement. In Norway, hardware is covered by the engineering industry agreement, while in Portugal it is the manufacturing and electronics agreements that govern hardware. In the Netherlands, part of hardware is covered by a separate sectoral agreement. In Belgium, companies in the subsector are likely to be covered by the white- or blue-collar agreements for metalworking, engineering and electronic trades. No sectoral agreements of any kind apply to hardware and manufacturing in Ireland, the UK or Luxembourg (countries where company- or lower-level bargaining predominates, and no sectoral agreements apply to any parts of ICT).

Although the picture in hardware is thus dominated by (different) sectoral agreements, this does not mean that there are no company agreements. These are found not only in countries without sectoral agreements such as Ireland and the UK, but also in the Netherlands and Germany, for instance.

In **telecommunications**, the structure of bargaining in many countries has developed from a situation where one company agreement covered all employees in the national telecommunications monopoly. Separate company agreements are still the case at many major national operators - such as the Belgian Belgacom, the Greek OTE, the Dutch KPN, the Norwegian Telenor, the Spanish Telefónica and British Telecom - and for telecommunications companies more widely in Germany. Sectoral agreements apply in Austria, Finland, France (except for France Télécom employees with civil servant status) and Italy (though some companies and parts of companies apply the metalworking agreement, and there are also company agreements).

The situation is very different in **software and services**. Most companies are not covered by any agreement, and if there are agreements, these are almost always company-specific. Exceptions are: Austria, which has a separate agreement for the IT sector (data processing and recording, software development and related fields, administration of databases, internet services and related businesses); France (where the SYNTEC agreement covers 73% of employees in IT services); Finland, which has a single agreement for the IT services sector; to a certain extent Norway, which has a number of sectoral agreement within ICT services (along with company agreements in unorganised firms); and to a limited extent Spain, where a specific agreement covers telemarketing. In countries such as Belgium, Italy, Portugal and Spain, services and software companies may apply agreements from other, wider sectors, such as commerce. Finally in Denmark, five sector-wide agreements include protocols on ICT work within these sectors.

In Germany and Portugal, unions are seeking a sectoral agreement for the whole ICT sector. Until now, however, employer resistance has proved too strong.

Special characteristics of ICT collective agreements

In some countries, there seem to be no significant differences between the "average" collective agreement and agreements in the ICT sector. Examples are Austria, Denmark (although variable pay schemes are more common in ICT), Ireland (mainly because there are hardly any collective agreements in ICT), Luxembourg and Spain.

In other countries, many collective agreements in ICT are characterised by more flexible arrangements than the norm. This is the case in Belgium, France, Greece, Italy and the Netherlands. In Italy, there are several examples of agreements containing flexible arrangements. For instance, an agreement was signed in July 2000 at Omnitel, a mobile telecom operator, in order to increase working time flexibility during seasonal peak periods.

In countries characterised by more flexible arrangements, it is important to make the now familiar distinction between hardware and more general companies that emerged from traditional sectors on the one hand and software and services companies on the other. In many cases, flexible arrangements are restricted to the second category.

As might be expected, flexible arrangements are far more common in (or even restricted to) company agreements than in sectoral agreements. Apart from flexibility, the incidence of variable pay and share option schemes is much higher than average in ICT, especially in the "new economy" part of the sector. ICT companies do not seem to stand out in terms of dealing with the issue of employability and training in collective bargaining, with some exceptions in the Netherlands and Greece.

Union recognition and refusal to bargain

Within the EU, large differences exist in the legal position of trade unions, varying from countries where unions have to fight to gain a footing to countries where the absence of unions in a sector or even a company is practically unthinkable. For several reasons, including the strong US influence and background of companies, many cases in which union recognition in firms in the ICT sector is a major issue might be expected. The results of the study confirm this expectation.

Union recognition is most commonly an issue at company level. In a country such as Austria where sectoral bargaining predominates, and membership of the Chamber of the Economy (WKÖ)

Table 2. Percentage of ICT employees covered by collective bargaining

Country	% of employees covered
Austria	100%
Belgium	100%
Denmark	60%
France	100% in telecommunications 73% in IT services
Germany	20%
Netherlands	23%
Portugal	44%
Sweden	62%

Source: EIRO.

employers' organisation - whose sub-units conduct bargaining with trade unions - is mandatory, the problem of recognition is non-existent. In countries such as Finland and France, where the legal extension of sectoral agreements to cover non-signatory employers is common, coverage by sectoral agreements is often something that individual employers cannot prevent.

At company level, in several countries, legislation imposes an obligation on employers to negotiate with unions in certain circumstances, often once a certain workforce-size threshold is passed. An example is France: once a firm employs more than 50 employees and one or more company union branches have been constituted by trade unions with representative status, the employer is obliged to negotiate annually on pay, working time, profit-sharing and sickness insurance. In Sweden, employers are obliged to negotiate when there are trade union members in the company. In Italy, union representation rights apply in firms with over 15 employees, though problems are reported in smaller companies (these are not, however, specific to the ICT sector).

Trade union recognition has been a particularly pressing issue in recent years in two countries with voluntarist industrial relations traditions, with company or lower-level bargaining playing a key role - Ireland and the UK.

In Ireland, the issue of union recognition in the ICT sector has become increasingly contentious over the past decade. With the continuing influx of foreign, mainly US-based, multinational companies, the unions have found it difficult to recruit new members in the private sector. Most ICT companies are vehemently opposed to granting recognition rights. The state's employment agencies' and the government's position on the issue have been conditioned by the reluctance of inward investors to recognise unions. While companies entering Ireland up the mid-1980s received gentle encouragement to recognise unions, this is no longer the case.

In 1999, the main union confederation and employers' organisations concluded a major agreement on union recognition and the right to bargain. The agreement was formally approved by a government announcement in March 2000 that legislation was to be introduced, giving the Labour Court new dispute settlement powers in circumstances "where parties have not engaged in talks". New procedures, agreed by the social partners, will allow for binding Labour Court recommendations on issues related to pay and conditions where an employer refuses to abide by agreed voluntary procedures. The Irish Business and Employers Confederation (IBEC) is reportedly satisfied that its members, including those in the non-union high-technology sector, can "live with" this union recognition procedure. High-profile foreign-based employers in Ireland are unlikely to become embroiled in union recognition disputes in the first place. Indeed, the Irish Congress of Trade Unions (ICTU) has effectively regarded non-union companies such as Intel, Hewlett Packard and Dell as "special cases" - employers which pay above the norm and have often developed sophisticated human resources policies for their core workers. The companies that tend to become involved in recognition disputes are either small indigenous firms or larger ones with relatively unsophisticated industrial relations or human resource management departments and processes.

Recent legislation can also be found in the UK, where a new statutory procedure on compulsory union recognition was introduced in June 2000. Subject to certain conditions, the legislation obliges companies to enter into negotiations with unions where support can be demonstrated, usually after a ballot of employees. Recognition is dependent upon the support of (a) a majority of workers voting and (b) at least 40% of the workers in the bargaining unit. As yet, the new procedure has not been used effectively in the ICT sector. Moreover, in the "dot.com economy" the new legislation may offer little assistance to trade unions since it applies only to firms with 20 or more employees and where 10% of the workers comprising the bargaining unit are already union members. In the electronics sector, some companies (such as LG Electronics) have opted voluntarily to recognise unions in anticipation of the new legislation. ICT companies have generally been willing to entertain collective bargaining where groups of employees have transferred into the company through outsourcing and retain their bargaining arrangements.

In September 2000, the Manufacturing Science and Finance (MSF) union signed the UK's first national recognition and partnership agreement within the IT sector, covering 7,000 UK employees at CSC. This is not a collective bargaining agreement in the traditional sense, but provides recognition and other facilities to MSF. It is, however, a "landmark agreement" in that it is the first of its kind in the UK IT sector and iinvolves a US-based company. On the whole, US companies have been hostile to UK unions in general and particularly in the ICT sector (eg Oracle and Cisco Systems).

Union recognition is not such a prominent issue in other countries, but there are reports of a lack of enthusiasm for bargaining among ICT employers. For example, ICT employers in Denmark are generally thought to be against concluding collective agreements, arguing that such agreements entail restrictions, while large multinationals moving into Denmark are not familiar with national industrial relations traditions and instead seek to operate a more unilateral "hire-and-fire" policy. However, the Prosa IT workers' union reports that a number of employers have contacted it to seek assistance in drawing up rules on matters such as working time (and, in some cases, the establishment of works councils). In Norway, while there are no known instances of ICT companies refusing to enter into bargaining (and thus triggering strike action by unions), unions report examples of companies attempting to persuade employees not to demand agreements in return for benefits such as favourable wage increases. In the Netherlands, the initial reluctance of employers seems to have made way for a more pro-union approach. However, there are still examples of companies in the Netherlands refusing negotiations with unions, and reverting to negotiations with the works council (see below), or with individual employees.

Position of works councils

Given the young age of the sector, the tight labour market, the large propor-

tion of highly-skilled, professional employees and the considerable US influence and background, in many countries unions have a difficult position in parts of ICT. An absence of unions usually means that individual employees fend for themselves in negotiating terms of employment. In some countries, however, works councils may take the place of the unions.

Across the EU, there are huge differences in the presence of works council-type bodies and in the rules governing them. In a majority of countries covered by this study, works councils either play no real role in bargaining or do not exist at all. This is the case for Belgium, Greece, Ireland, Norway, Portugal, Spain, Sweden and the UK. In some of these countries, unions even view works councils as a possible threat to their position.

In a few countries, however, works councils definitely play a part in collective bargaining. In Austria, management and works councils can conclude works agreements on subjects such as pay and working time, if these agreements improve the position of the employees, who are already covered by a collective agreement (coverage in Austria is 100%, see above). Again, there is a large difference between hardware and software companies. In the latter, works councils are virtually non-existent. One reason is the small average size of these companies - as in other countries, the existence of works councils shows a strong correlation with the size of the company. A second reason is that many software companies oppose the establishment of works councils.

In Denmark, the Prosa union reports that it has been contacted by several employers for information on the establishment of a works council. This can probably be explained by the growth of these companies to a certain size, after which informal ways of setting terms of employment are no longer feasible. Works councils can thus be considered as a device for coordinating negotiations on terms of employment and as a way to economise on transaction costs. From a legal point of view there are some problems, because Danish works councils do not have the right to conclude formal agreements. In Finland, the role of works councils in collective bargaining seems to be growing.

As in Austria, in Germany the situation differs within the ICT sector. In manufacturing and in ICT companies that originated in traditional sectors, works councils are very common. The same is generally true for companies with over 1,000 employees. Many newly established ICT service SMEs, however, have no works council. A frequently cited explanation is that there is no need for works councils in these companies because of strong employee involvement and non-hierarchical relations, and against the backdrop of the tight labour market. However, this view appears to be contradicted by a recent survey, which indicates a growth in the establishment of works councils in smaller ICT firms in recent years. Account should also be taken of the time-lag between the emergence of companies and the establishment of works councils.

Since late 2000, the increasing economic problems of many ICT service companies have contributed to significant change in the German debate on industrial relations and works councils in the sector. After a fall in share prices led to a significant reduction of income for many employees, and several ICT companies announced redundancies even among well-qualified ICT experts, the "old institutions" such as collective agreements or works councils appear to have regained much of their allure. Since the beginning of 2001, employees have set up works councils in many prominent ICT service companies, including Pixelpark, AOL Deutschland, Amazon Deutschland and EM.TV.

In some German companies, the works council or other employee representative body does in fact negotiate pay and employment conditions, even if this is not allowed in law. The same is true for the Netherlands, where works councils play an important role in setting terms of employment - especially in companies not covered by a collective agreement, but also in those with an agreement. Concerning the first group, from a legal point of view it is uncertain whether works councils have the right to negotiate agreements on "primary" terms of employment (duration of working time and pay). On the one hand, the law on works councils allows them to conclude agreements with management, without mentioning any restrictions, but at the same time the Supreme Court has ruled that primary terms of employment are the exclusive domain of the unions. In several larger Dutch ICT companies, unions and works councils have concluded collective agreements, although strictly speaking this is, as in Germany, not allowed in law.

Trade unions in ICT

Trade union membership in the ICT sector throughout Europe is relatively low in many cases. Table 3 on p.vi gives information on unionisation in the sector for those countries where such data are available.

Although there are considerable national variations in ICT unionisation rates, where unionisation figures are available for the whole ICT sector, these are in most cases considerably lower than the overall national average (this is probably also true for those countries where there are no statistics). In the relatively low-unionisation countries of the Netherlands and the UK (where the overall average is around 25%-30%), unionisation among ICT employees, at 7% or less, is around a quarter of the average (or some 20 percentage points lower). In the higher-unionisation countries of Norway (where average union density is 57%) and Sweden (81%), the ICT unionisation rates are around three-quarters of the national average (a gap of up to 23 percentage points in Sweden). There are, however, exceptions: the Danish ICT unionisation rate is close to the national average, while that in Greece is actually considerably higher than average - though this reflects the fact that unionisation is high in telecommunications, which makes up the bulk of the ICT sector.

Broadly speaking, hardware and manufacturing and telecommunications have considerably higher unionisation rates than services and software. In telecommunications, this often reflects the public sector background of the main operators - eg in Austria, Italy and Greece. In hardware and manufacturing, higher unionisation levels reflect the fact that many ICT companies have developed out of more traditional manufacturing companies, which in many countries already had a long established industrial relations culture and a traditionally high rate of union organisation - eg in Germany. However, where the hardware sector is dominated by US-based multinationals, as in Ireland, unionisation may be low. In the newer software and services area, unionisation is almost uniformly low - eg virtually zero in Greece, or 10% in Italy (under a third of the national average).

The low membership rate (especially in software and services) may be related to factors such as: the small size of many companies (union organisation is often harder in smaller firms); the recent origins of much of the sector; the young age of many employees (younger employees tend to be less likely to join unions in many countries); the high level of fixed-term or part-time employment, self-employment and other forms of "atypical" work in the sector in some countries; the fact that workers in some parts of the sector tend to be highly-skilled and relatively high-paid professionals; and the culture and policies of companies - both smaller firms with non-hierarchical structures, and larger firms (such as some US-based multinationals) with relatively sophisticated human resource management policies.

In the terms of the self-image of the German ICT sector, trade unions belong to the "old economy" while the "new economy" does not need unions. In the UK, ICT employees are often seen to be highly skilled, relatively well paid (often with share options) and with independent attitudes, negotiating their own

Table 3. Unionisation rate of workers in ICT sector

Country	Unionisation rate
Austria	Near 100% in telecommunications, 15% in software
Belgium	Lower than national average (of 70%)
Denmark	85%
Finland	Lower than average
Germany	Relatively high in manufacturing, low in services
Greece	57% (mainly in telecommunications)
Ireland	Very low, except in telecommunications
Italy	30% in manufacturing, 20%-25% in telecommunications, 10% in IT and software
Netherlands	7%
Norway	48%
Sweden	58%
UK	Not higher than services average (of 6%)

Source: EIRO.

deals within the company or taking their skills and knowledge elsewhere if dissatisfied. However, by no means all employees in the ICT sector fit this "professional" worker profile. Employees with poor working conditions and low wages can be found in ICT-related areas such as warehousing and shipping goods, customer services and call centres. For British unions, for example, these employees are the key target group for recruitment.

However, even the image of the highly skilled independent "professionals" in ICT fades quickly if a once flourishing sector begins to falter. Where dot.com workers may in the past have neglected current pay and conditions believing that their share options will provide for them in the future, the recent crash in share prices and increasing job losses have made them change their perspective. In Germany, a change of attitude has already been noticed among ICT employees: a recent survey of 200 works councils in software and IT service companies found that union members occupied 60% of seats.

Organisational history and structure

The current structure of trade union organisation in ICT largely reflects the history of how unions have reacted to the emergence of the sector. Broadly speaking, existing unions in telecommunications have continued to organise (with varying success) in this sector as it has developed in new directions, while "traditional" manufacturing unions - notably in metalworking - have organised in hardware companies. Where separate unions for professional and technical staff exist, these have often sought to organise the relevant staff in ICT. Either or both of these trends can be seen to varying extents in countries such as Austria, Belgium, Germany, Italy, Luxembourg, Norway, Portugal, Spain, Sweden and the UK. However, within this overall picture there is considerable variation, and the situation is much less clear in software and services. The old demarcation lines between unions are in many cases being broken down by the changes in ICT.

Throughout Europe, the picture - especially in software and services - is one of old and new unions working separately, competing, or working together in an attempt to adapt to the turbulent developments in the sector. In Germany, for example, the affiliates of the Federation of German Trade Unions (DGB) have signed an agreement to clarify organisational responsibilities in ICT , largely dividing it between the IG Metall metalworkers' union and the Unified Service Sector Union (ver.di). In Italy, representation in the sector is fragmented, but divided mostly among the three metalworking federations and three telecommunications federations affiliated to the main union confederations. Innovations in the sector and the privatisation of telecommunications have led to some regrouping of Italian telecommunications (and publishing and media) unions. This process of diversification within confederations and unions can be found in several countries. There are exceptions: in Austria the organisational situation is stable in the ICT sector, with the Metalworking and Textiles Union (GMT) and the Union of Salaried Employees (GPA) organising in hardware and GPA in software and new telecommunications companies, with employees of formerly state-owned telecommunications companies being covered by the Union of Postal and Telecommunication Workers (GPF).

Specific new unions to organise ICT workers are relatively uncommon, though exceptions are found in Denmark and to some extent France (where the CFDT confederation has set up BETOR as its "new economy" union, organising in areas such as call centres, advertising and consultancy).

With falling membership rates in general, recruitment campaigns in the growing IT sector are important to unions in many countries - specific campaigns are reported from countries such as Austria, Finland, Ireland, Norway and the UK. The Scandinavian countries seem to have taken the lead in developing new recruitment methods. Traditional unions in Norway have reviewed existing collective agreements to see how ICT workers can best be attracted. In Denmark and Germany, in acknowledgement of these "new" employees' wishes, unions have started to inquire into their special needs and culture. In several countries, this group of workers is being approached in its preferred way, through the internet and e-mail; some unions have indeed sought to become "e-unions". A number of unions have established special sections for IT staff, such as Datafolket set up by the Swedish Financial Sector Union or the Information Technology and Professionals Association affiliated to the UK's MSF.

Unions' view on industrial relations in ICT

Among many trade unions in Europe, the current state of industrial relations and employment in the ICT sector is a matter of some concern. Unsurprisingly, they are worried about the generally low unionisation levels and the lack of collective regulation, which they see as leading to unfavourable employment conditions in some cases. For example, Norwegian unions are concerned by what they see as the emergence of new types of working environment hazard, related to factors such as the increased pace of work and long working days. Greece's OME-OTE telecommunications union points to increasing flexibility (notably in terms of pay) and deregulation of industrial relations in the sector. Spanish unions view employment conditions in ICT as poor, with subcontracting and outsourcing making them similar to those in temporary agency work, and want a more stable regulation of employment. Denmark's Metal metalworkers' union is concerned about the fact that a growth sector such as ICT is less regulated by collective agreements than the rest of the Danish labour market - it fears that this could ultimately lead to the introduction of employment legislation to cover this field, which would be in conflict with Denmark's agreement-based industrial relations model.

However, not all unions takes such a gloomy view. While acknowledging possible future threats, Italian unions consider the current situation to be positive: the presence of unions and collective bargaining in the major ICT

companies is important and is being extended to new areas, such as internet providers. Looking to the future, Italian unions see uncertainty: a number of reorganisations are underway and after a period of economic growth, investments in ICT are slowing.
"Downsizing" and outsourcing are expected especially to hit activities such as the creation and maintenance of infrastructures. Generally speaking, however, Italian unions are confident that, given positive experiences in the past, it will be possible to manage the restructuring processes jointly with employers, although increased industrial conflict remains possible. UK unions see some encouraging signs in new legislation on union recognition (see above) and the right to be accompanied by a union official at grievance and disciplinary hearings, and hope that the current economic downturn in the sector may lead to more ICT staff joining unions.

Employers' organisations in ICT

The organisation of employers in the ICT sector is as diverse as that of employees. Some employers see no need for membership of an organisation, while others see no need for their organisations to participate in collective bargaining. Where organisations exist, they have generally developed from within and alongside traditional organisations (mainly in metalworking and industry). Most ICT service companies do not appear to be members of any employers' association.

The clearest situation in terms of employers' organisation in ICT is probably found in Sweden, where the Employers' Association of IT Trade and Industry (ITA) was established in 2000 within the Almega industry and services employers' organisation affiliated to the Swedish Enterprise employers' confederation. ITA will conduct collective bargaining with trade unions in separate negotiations for IT and telecommunications. This situation - a single employers' organisation for much of the ICT sector, which conducts bargaining - is not found anywhere else, though in summer 2001 a similar single ICT and "knowledge-based" companies' federation, Abelia, had just been established within the Confederation of Norwegian Business and Industry (NHO). In Germany, the Employers' Association for Companies in Electronic Data Processing and Communication Technologies (AGEV) claims to be an employers' association for the sector, but has so far signed scarcely any collective agreements.

In other countries where ICT companies belong to genuine employers' organisations which conduct bargaining, the situation is more complex and often patchy. In Austria, the situation is relatively simple, because all employers are obliged to join the WKÖ employers' organisation, whose subunits engage in bargaining - though they may also opt to join the non-compulsory Federation of Austrian Industry (IV), which has no bargaining role. Elsewhere, ICT companies in hardware and manufacturing tend to belong to traditional metalworking, industry or electrical employers' organisations - as in Belgium, Denmark, Finland, France, Germany, Italy and Portugal - and are covered by their collective agreements. Telecommunications firms may belong to sectoral employers' organisations (as in Finland or France), though these are relatively uncommon (doubtless due to the previous state monopoly in the industry). Software and services firms rarely belong to employers' organisations, though there are some exceptions such as Denmark, Finland and France (though membership levels are not generally high).

In Greece, Ireland, Luxembourg and the UK, there are no employers' organisations that conduct bargaining on behalf of ICT companies (in Ireland and the UK, there is virtually no sectoral bargaining of any kind). However, in Ireland, ICT companies may be members of four (non-bargaining) trade associations affiliated to the IBEC employers' confederation, which negotiates on behalf of private sector employers over national intersectoral agreements on pay and other matters. Trade associations without a bargaining role - which engage in promoting members interests, lobbying, providing services etc - also group some ICT companies in Greece and Ireland. Such trade associations - for the whole ICT sector or segments thereof - exist in many countries where there are also employers' associations which carry out bargaining - eg Belgium, France, Germany, Italy, Norway and Spain.

Employers' views on unions

There are huge differences in the attitude of ICT companies to trade unions. The familiar division between the various segments of the sector applies: while manufacturing firms and older-established telecommunications operators are likely to have had a tradition of unionisation and collective bargaining, and to be more or less comfortable with it (though this may not be the case among, for example, US-owned companies), newer software and services companies tend to be more hostile.

Overall, where traditional social partner organisations play a large role - eg in Italy - the acceptance among employers' associations seems to be higher and negotiations with unions are viewed as "normal". On the other hand, both Ireland and the UK report unwillingness to recognise unions and hostility, in particular amongst US-based multinational companies. Trade unions are mostly seen by ICT firms as a fetter on businesses that need to be highly adaptable and innovative to survive in the market. Even so, some ICT companies in the UK (such as CSC and EDS) are developing frameworks and relationships that provide scope and facilities for union organisation. In Denmark, the employers want to be as free and independent as possible, and consequently see no need for the traditional union organisation model. Nevertheless, when unions do exist and operate, they are accepted as negotiating partners.

Labour market, restructuring and industrial conflict

Generally, the labour market in ICT is widely seen as being very tight. However, the picture is not uniform: the tight labour market mainly applies to the higher qualified positions and to the software and service sector. The ICT sector as a whole has expanded rapidly, but this expansion has not been divided evenly across the different parts of the sector. There have been many cases of closure, "downsizing" and restructuring within a number of subsectors. Many lower qualified workers in formerly state-owned telecommunications monopolies have been, or are in the process of being, made redundant (see below). Major restructuring has also taken place in television and radio equipment production and, more recently, in computer manufacturing. The crisis in the "new economy" which has even hit the software and services companies, is even more recent.

Restructuring has in some cases been dealt with through agreements or cooperation between employers and unions or other workers' representatives. Industrial conflict has also occurred over restructuring - concentrated in, but not confined to, those parts of ICT where the labour market is relatively unfavourable to employees.

Telecommunications

There have been major changes in telecommunications companies across Europe, mainly as a result of privatisation and the liberalisation of markets. Examples include Italtel, formerly part of Telecom Italia group, which in 1999 was split into two parts: Siemens ICN (part of the German-based Siemens group) and Italtel (Telecom Italia group). Both firms reached agreements with trade unions on the reorganisation process, combining measures to manage redundancies with recruitment of staff in areas considered crucial for the companies' development. Other examples of recent restructuring operations in the telecommunications sector are found at: the Norwegian Telenor, where the arrangements for redeployment and redundancy were subject to agreement with the unions; the Greek OTE, where industrial action has accompanied the

Commentary

In industrial relations terms, there is no single ICT sector, but at least three - hardware and manufacturing, telecommunications and software and services - with very different industrial relations patterns. ICT companies that have emerged from existing companies with a long and more or less stable industrial relations history - as is often the case in telecommunications and hardware manufacturing - are a world apart from the dot.com firms and other ICT service companies in the so-called "new economy" Trade unions still have a long way to go, particularly in these latter companies, which is not to say that unions have an easy task in hardware and telecommunications.

One reason why the ICT sector is so interesting is the speed at which (parts of) the sector and new companies have emerged. In many ways, this means that the sector is as a kind of "pressure cooker" (or maybe more precisely a "magnifying glass") for existing industrial relations systems. Different countries are of course marked by different industrial relations issues and characteristics, but it seems that whatever these issues and characteristics are, they apply in an even more acute or clear way in ICT than in other sectors. A clear case is the problem of trade union recognition in the UK and Ireland, but other examples include statutory membership of employers' organisations in Austria, the relative importance of sector-wide collective agreements in Germany and Austria, or the issue of (internal and external) flexibility in Belgium, France and Spain.

There is a general view that ICT, and especially ICT software and services, is a "world of its own". It is true that, from an industrial relations point of view, the sector has many distinctive features. Flexibility is relatively high, as are education levels. On the other hand, there are signs that these differences should not be exaggerated, and may partly be explained by the young age of the sector.

Moreover, the rosy picture of independent ICT employees who take care of themselves and do not need the "classic" protection of industrial relation institutions has recently lost much of its glow. While restructuring took place mainly in telecommunications and manufacturing until recently, the opportunities for growth and development seemed limitless for software and service companies and employees. This picture has changed. The shocks that have hit the new economy seem to have had a "normalising" effect on industrial relations in the sector, in the sense that these relations are tending to move towards more "traditional patterns". Examples are the rising numbers of works councils in German ICT companies, increasing union membership in ICT companies as a result of their financial difficulties in several countries, and the emergence of collective agreements in companies in the Netherlands that until recently had none.

Although other sectors certainly "import" elements of industrial relations from ICT, the reverse process is at least as important. The meeting point might well be closer to existing industrial relations patterns than many observers predicted.
(Robbert van het Kaar and Marianne Grünell, HSI)

process; the former Tele Danmark Telekom Austria, where management and works council concluded a social plan for redundant employees; and the Dutch KPN.

Hardware and computer manufacturing

The major hardware companies, manufacturing both personal computers and mobile telephones, are confronted with fierce competition. The Swedish-based Ericsson is an example of a large hardware company undergoing reconstruction, which started in 1997. Nearly 600 workers were made redundant at the firm's telecommunications equipment factory in Norrköping. The company, trade unions, local authorities and the temporary work agency Proffice worked together to help the redundant workers, who were guaranteed full pay from Ericsson for a year. By the end of 2000, some 59% of the workers had found new jobs. In 2001, Ericsson announced further large-scale redundancies and stated that it planned to offer the workers concerned a similar programme.

In Ireland, the closure of Seagate Technologies in 1997 just two years after opening, resulting in the loss of 1,400 jobs, proved controversial - and was seen by unions as helping to raise the public profile of the union recognition issue. In the UK, there have been examples of major restructuring in ICT companies, including EDS, CSC, ICL and Compaq. This has not so far caused industrial conflict, mainly because of the low level of union organisation within this sector

Widespread restructuring has occurred in Belgium and in Portuguese semiconductor production. In Spain, the US-owned Hewlett Packard has recently subcontracted printer manufacturing and cut 198 jobs, despite making profits. Workers took industrial action to oppose the job losses, but were eventually forced to negotiate an improved redundancy package in February 2001.

Software and services

A very recent development is the crisis in the "new economy", which has sparked the restructuring and even closure of companies that until recently had experienced only expansion and prosperity. An example from Austria is Blue-C, a supplier of e-business services, which enjoyed very dynamic growth until the end of 2000, but in 2001 announced that it was to close a number of its foreign offices and reduce its workforce. In May 2001 in the Netherlands, several ICT software and consultancy companies went bankrupt or had to ask for suspension of payments. A number of UK dot.coms, such as Boo.com, have collapsed recently.

This growing crisis has not, it appears, been accompanied by any significant industrial action, no doubt reflecting the low unionisation levels and the specific characteristics of employment in the sector noted above. This is not to say, however, that the software and services field is entirely conflict-free. For example, a dispute is reported at Atento, a Spanish telemarketing firm, over its plans to relocate employment to Morocco and restructure its Spanish workforce. A recent strike at the French internet service provider Club Internet, ended in an agreement to review wages. Some restructuring operations in this subsector are connected with takeovers and mergers. For example, in France, a dispute broke out in the aftermath of the acquisition of the internet service provider Frisbee by Liberty Surf (which was itself bought by Tiscali a few days later). The dispute was over the firm's failure to inform the works council of the takeover and the allocation of the customer services division to another subsidiary.

TN0108201S

23 July 2001