

Competitive consensus: bargaining on employment and competitiveness in the Netherlands

Rien Huiskamp* & Maarten van Riemsdijk**

E

Summary

This article shows how bargaining on the conflicting issues of fighting unemployment and increasing competitiveness has evolved. It offers an empirical insight into the degree to which the national framework agreements that form part of the now famous Dutch polder model are implemented. At the national level framework agreements are set up and recommendations are made on a wide range of issues. It is shown that these are then interpreted and partly adopted by negotiators at lower collective bargaining levels. At company level, three cases illustrate differences in the degree to which companies implement the outcomes of collective agreements: from 'dedicated follower' to 'rebels with a cause'. Looking at the evidence, it seems the Dutch have experienced a form of organised decentralisation.



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Sommaire

Cet article montre la manière dont ont évolué les négociations sur les questions conflictuelles de la lutte contre le chômage et de la croissance de la compétitivité. Il propose de comprendre de manière empirique dans quelle mesure les accords-cadres nationaux qui font partie du modèle de polder hollandais maintenant célèbre sont mis en oeuvre. Au niveau national, les accords-cadres sont établis et des recommandations sont faites sur un large éventail de questions. L'article montre que ceux-ci sont alors interprétés et en partie adoptés par des négociateurs à des niveaux plus bas de négociation collective. Au niveau de l'entreprise, trois cas illustrent des différences du degré de mise en oeuvre des résultats des conventions collectives par les entreprises: en partant des «inconditionnels» pour aboutir aux «rebelles pour une cause». Il semble évident que les Néerlandais ont ainsi connu une forme de décentralisation organisée.



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Zusammenfassung

In diesem Artikel wird dargestellt, wie sich die Tarifverhandlungen in bezug auf die sich widersprechenden Themen der Bekämpfung der Arbeitslosigkeit und der Steigerung der Wettbewerbsfähigkeit entwickelt haben. Er untersucht im Rahmen einer empirischen Analyse, inwieweit die nationalen Rahmentarifverträge, die Teil des berühmten niederländischen

* Director Huiskamp Research and Consultancy BV, www.rienhuiskamp.nl

** Associate Professor, Department of HRM, University of Twente

'Poldermodells' sind, durchgeführt werden. Auf nationaler Ebene werden Manteltarifverträge aufgestellt und Empfehlungen für eine Vielzahl von Fragen formuliert. Der Artikel zeigt, dass diese dann von den Verhandlungsparteien auf niedrigeren Tarifverhandlungsebenen ausgelegt und teilweise übernommen werden. Am Beispiel dreier Unternehmen wird veranschaulicht, in welchem unterschiedlichem Maß die Ergebnisse der Tarifabkommen von den Unternehmen umgesetzt werden – ihr Verhalten reicht von treuem Folgen bis hin zu gezieltem Widerstand. Angesichts dieser Tatsachen entsteht der Eindruck, dass in den Niederlanden eine Form der organisierten Dezentralisierung stattgefunden hat.



Introduction

During the 1990s the focus of international attention regarding developments in the Netherlands shifted from the much-lamented 'Dutch disease' to wonder at the 'Dutch miracle', described as 'a virtuous circle of more jobs, less per capita taxes, hence more spending power while paying flat wages to those already in employment.' (Visser and Hemerijck 1997: 111).

In 1982 Holland was in bad economic shape. The fiscal deficit climbed from 4% of GDP in 1977 to over 10% in 1982. The number of social security claimants because of sickness and disability (the so-called inactive workforce) more than doubled in the same period to about 20% of the working population. Unemployment soared to levels well over 10%. In 1982 a new government came into force. It announced a drastic reorganisation of state finances, economic recovery through lower labour costs, de-regulation and work sharing without extra costs to business. Against this background, in November 1982 the central employers and employees organisations came together in the Foundation of Labour (a 'shotgun wedding', strongly pushed by the government) to sign the so-called Wassenaar Agreement. This agreement represents an important institutional innovation in two respects. First of all its content: it links employment (by sharing work through working time reduction) to competitiveness (by lowering wage costs and more efficient manning) at national level. Secondly in its procedure: the agreement is formulated as a set of recommendations to be implemented voluntarily by negotiators in collective bargaining at industry and company level.

In 1992/93 a new recession occurred, not half as strong as in 1982 but sufficient to send shock-waves throughout the country. As a consequence a new framework agreement, *A new course*, was reached in 1993 between the peak organisations in the Foundation of Labour, followed in 1997 by *Agenda 2002, collective bargaining for the years ahead*. In these two agreements the explicit link between employment and competitiveness is widened to encompass many other issues, such as the creation of new jobs for new entrants on the labour market, working time reduction in conjunction with the lengthening of business operating hours, and the issue of employability. In its procedure, bargaining on employment and competitiveness is to be decentralised for the first time to the level of the company.

In this article we define bargaining on employment and competitiveness in terms of the following components.

Table 1
Components of employment and competitiveness bargaining

Employment components (n=6)	Competitiveness components (n=4)
employment guarantees for the existing workforce within the company	wage moderation
employment for new entrants in new jobs	individual and flexible early retirement schemes
general and job-related training at the present job within the company	performance related wages linked to companies or individual performance
employability training for a possible future job within or outside the company	labour flexibility such as working time flexibility and functional flexibility
improving numerically flexible employment by offering better wages and more security	
improving employment for employees of 50+ in terms of workload	

We also define three levels of industrial relations

- the national level of consultation between central federations of trade unions and employers;
- collective bargaining between unions and employers (federations) at industry and company levels;
- HRM (human resource management) at the level of the company/establishment, either as a firm within an industry bargaining unit or as a business unit/establishment within a company bargaining unit, decreed unilaterally by management or in additional agreements with works councils.

Visser and Hemerijck (1997) and van der Meer, Benedictus and Visser (1999) base their claim for a 'Dutch miracle' largely on their analysis of concertation and policy at the national level. This is an important level but the proof of the pudding in our view is to be found at the level of collective bargaining at industry and company level. In this article we therefore address the following question: to what degree are the recommendations of the Foundation of Labour at the national level taken up and implemented at industry and company levels of bargaining? However in answering this question we have to be careful, there may be a huge gap between a text agreed in a collective agreement and its implementation at firm or establishment level. For this reason we also look at the relation between employment and competitiveness and the actors involved at level of the company/establishment.

The article is structured along the following lines. First of all the national level is addressed, in particular the content and evolution of the framework agreements in the Foundation of Labour. Next the attention is turned towards the level of collective bargaining. We use two data sets: one from the Labour Inspectorate and one we developed on the basis of data provided by CNV BedrijvenBond. Data are from 1997 and 1998, four and five years after the 1993 framework agreement. Both data sets complement each other in the number of recommendations under study, the type of bargaining unit (large versus small agreements) and in the nature of the material (items

accumulated over a number of years versus items in a particular bargaining round over a two-year period). They allow us to develop a rather complete picture. Appendix 1 provides more detailed information on both data sets.

Finally we look at the level of the company/establishment. Three cases have been studied to trace the agreements on employment and competitiveness at this level. Case Brewer provides an example of a company agreement. Case Truck provides an example of a large company under an industry agreement. Case Supplier provides an example of a small company under an industry agreement.

The national level: the contents of the 1993 and 1997 recommendations

The Foundation of Labour is a bi-partite consultative body in which the central trade union federations and central employers federations co-operate. It publishes recommendations and themes to be included in the bargaining agenda of industry and company bargaining units. The Foundation of Labour consults twice a year with the Minister of Social Affairs and Employment on more general issues and the contribution of collective bargaining in solving problems.

The central employers and trade union federations state in the 1993 framework agreement *A New Course* that the profitability and competitiveness of enterprises cannot sufficiently recover without structural adjustments. The danger looms of ever-increasing and permanent unemployment against the background of an already low rate of participation in the labour force. A considerable number of jobs may be lost forever. The social partners are aware that they can and must make substantial contributions in their own field to economic recovery and employment. Accepting this responsibility they present parties at decentralised level with an agenda for collective labour agreements in a medium-term perspective. The recommendations concern:

- the moderation of wages through
 - limited room for fixed wage increases,
 - part of initial wage increases to be used in a different way, in particular for financing training or other employment measures,
 - the introduction of flexible profit-related wage increases instead of fixed wage increases,
 - the creation of (introductory) scales between the statutory minimum wage level and the lowest wage scales;
- the stimulation of the training of employees in order to maintain or improve their position on the labour market, especially to enable them to participate usefully in the employment process for a prolonged period of time;
- the promotion of part-time work and differentiation in working-hours patterns;
- the improvement of the quality of working life through the reduction of workload and the adjustment of the organisation of work (especially older employees).

Leading up to the 1997 update *Agenda 2002*, the social partners evaluated the impact of the 1993 recommendations. They mentioned both positive and negative results. On the positive side economic growth has taken off, profit margins soared and there has been a substantial rise in the number of jobs (measured both in terms of working years and persons). On the negative side partici-

pation in the labour force is still too low, the long-term unemployed, people with a partial occupational disablement and older people are still sidelined in the labour market. A substantial part of this 'silent reserve' includes a relatively large proportion of ethnic minorities.

The main theme of the Foundation's *Agenda 2002* is to continue to invest in the economy's ability to adapt. Many of the recommendations of the 1993 agreement are repeated in different wording. A new element is the explicit emphasis on a new balance between flexibility and security in the future system of industrial relations:

- job security will increasingly have to be substituted by employment security through employability. Both the employer and employee bear individual and collective responsibility for training. In order to intensify the training effort, personal development plans should be drawn up in consultation with the employee. This should also include a financing scheme;
- the importance of flexible remuneration components above and beyond the generic (initial) wage rises;
- more flexible working hours and working time patterns – in conjunction with business operating hours – in order to satisfy the wishes of both employees and employers and more possibilities for employees to 'save-up' for various forms of leave (care leave, sabbatical) using either time or money.

Many Dutch commentators view the 1993 framework agreement as more of a break with the past than the 1982 agreement. Representatives of the national federations of employers and the trade unions formulated, even more than in 1982, the 1993 and 1997 updates as a set of recommendations. Negotiators at the level of industry or company bargaining units are then invited to take up and implement these recommendations in their agreements.

The industry and company levels of collective bargaining

In 1996 there were 973 bargaining units, 222 at industry level and 751 at company level, covering about 75% of the Dutch workforce. This represented a marked increase since 1990 (Hooiveld 1998). An important feature of collective bargaining in the Netherlands is the role played by large agreements. Van den Toren (1996) following Huiskamp (1989) defines small and large in terms of the number of workers under the agreement. Large industry agreements account for only 9% of all agreements, but encompass 78% of all workers under an agreement. If we add large company agreements, 15% of all agreements cover 88% of the workers under an agreement. Nearly two third of all agreements are small company agreements, but they only cover 3% of all workers under an agreement. The remaining workers (9%) are covered by small industry agreements (18% of all agreements).

In the data set based on the survey of the Labour Inspectorate, the implementation of three recommendations on employment and three on competitiveness are traced within 117 large industry and company collective agreements.

Part of the overall effort to increase employment is the introduction of employment schemes aimed at creating jobs for new entrants in the labour market. Two main types of employment measures

Table 2
Implementation of recommendations on employment and competitiveness at the level of bargaining units, 1997

	Number of agreements	% of workers covered
Employment		
employment schemes - structural jobs	71	66.3
- temporary jobs	29	20.7%
general and job related training	117	98
employability	87	71.5
Competitiveness		
wage moderation	117	98
lower starter scales	109	98
individual and flexible early retirement schemes	54	44

Source: Labour Inspectorate (1998a)

are distinguished in the Netherlands: employment schemes for structural jobs and work experience schemes for temporary jobs. The Labour Inspectorate reports a large majority, a total of 90 out of the 117 agreements, with one or two schemes. The most popular are employment schemes with structural jobs. They provide 4 500 new jobs of which 2 953 are earmarked for specific groups such as ethnic minorities, and the long term unemployed. Work experience schemes provide 1 500 jobs of which 273 are earmarked for target groups.

In the update for 1998 the Labour Inspectorate reports that out of a total of 57 new agreements surveyed, 28 have reached agreement on such schemes or intensified and specified the existing ones. The numbers of jobs is up from 6 000 in 1997 to 7 095 in 1998. It is hard to evaluate the contributions of these efforts in collective bargaining to the overall picture of employment in the Netherlands. The best comparison can be made with the results of similar government-initiated schemes (Melkert I and II aimed at creating 40 000 jobs in the public sector and 20 000 in the private sector respectively). The schemes provide in 1997 21 000 jobs in the public sector and 19 500 in the private sector (Salverda, 1998). Overall unemployment has fallen from 8.3% in 1995 to 5.25% in 1998 and to 2.7% in February 2000 according to Eurostat.

Training has always been an important issue in collective bargaining. General and job-related training are subjects dealt with in all of the agreements. A relatively new issue is training for employability. This training differs from these more conventional types of general and job-related training in the sense that it is not only directed at the present job of an employee, but also at a possible future job inside or outside the company. This training is therefore directed at providing employment security on the labour market instead of job security within a particular firm. An important element is the introduction of a personal development plan and a personalised budget for every employee. The issue of employability has been taken up in 71 agreements covering 71.5% of workers. In the update on 1998 the Inspectorate reports that out of a total of 57 new agreements

surveyed, 29 contain new or more specified agreements. Wage moderation, a major target of employers has been implemented at all agreements: the dispersion of wage increases is between 1.4% (in agriculture) and 2.7 % (in industry).

It is important to note that during the 1980s, trade unions calculated their wage demands on the basis of a 'wage space' formula by adding up consumer price inflation and labour productivity. During the 1990s this practice was to a large extent abandoned and increases in wages have clearly lagged behind the outcome of this formula. Nevertheless every year the spending power of the 'average worker' is increasing. This is largely due to government measures reducing taxes and other charges borne by the taxpayer.

Table 3
Annual change in gross wages, the 'wage space' and spending power

	1995	1996	1997	1998
Collectively agreed wages	1.4	1.7	2.2	3.0
'Wage space'	3.3	2.4	4.5	3.5
Spending power ('average worker')	0.7	0.4	0.6	1.5

* Sum of consumer price inflation and labour productivity

A major issue for the government has been the introduction of lower pay scales for special target groups, especially long-term unemployed, in order to stimulate employers to hire lower-skilled workers. Employers and unions resisted at first but the government threatened to change or even to cancel the law on the legally binding extension of collective agreements. Nearly all agreements include lower starter scales. Collective retirement schemes had played a major role in the 1980s in the shedding of older workers and creating employment for younger workers. However employers protested during the early 1990s against the costs of the schemes, which were included in virtually every collective agreement. During 1996-97, in 54 of the 117 agreements in the survey individual and flexible early retirement schemes replaced collective schemes. In 1998 the parties in another 5 bargaining units agreed on the introduction of individual and flexible early retirement scheme. In these schemes it is the individuals' own responsibility to save for his or her early retirement. The date of the retirement is flexible, between for instance 60 and 65 years of age, and there is also the option of part-time early retirement. The new schemes provide a considerable saving for the employers, shifting more of the burden to the individual employee.

In the data set based on the survey of *CNV Bedrijvenbond* the implementation of six recommendations on employment and five on competitiveness are investigated based on 267 smaller, mostly company agreements.

Employment guarantees for the existing workforce, which are explicitly not part of the recommendations of the Foundation of Labour, occur only in 18 agreements. Less than half of the agreements, 106 out of 267, contain employment schemes, the majority with quantified numbers. Also a minority of 74 agreements include articles on general and job-related training, 23 are proposals for further study, and the other 51 introduce concrete measures. The measures are for instance

Table 4
Implementation of recommendations of Foundation of Labour in collective agreements 1997/1998

Items	research/ intention	measure	total
Employment			
employment guarantees		18	18
employment schemes - structural jobs	4	14	
- temporary jobs	6	54	
- other schemes	20	8	106
general and job-related training	23	51	74
employability	17	33	50
improving flexible jobs	4	36	40
improving jobs employees 50+	53	30	85
Competitiveness			
wage moderation		all	all
individual and flexible early retirement schemes	57	27	84
performance related wages	8	29	37
working time flexibility	37	78	115
other forms of flexibility	2	6	8
total	201	414	615

Source: *BedrijvenBond CNV (1997 & 1998)*

agreement on extra days off for training, a budget for training, or a right to training. A smaller number, 55 out of the 267 agreements, contain provisions on employability: 17 are proposals for further study and the other 33 contain concrete measures. So far, the second data set provides quite a different view of the implementation of the recommendations: a much lower rate and quite a number are just proposals for further study.

The next two items are only dealt with in the second data set: unions are very determined to improve employment security for workers in flexible jobs and to regulate the workload for employees of 50 years of age and over. 40 out of the 267 agreements include articles on the transformation of precarious jobs into more stable ones, four propose further study and the other 36 introduce concrete measures. Examples are: paying the temporary worker the regular wages of the hiring company, providing training facilities for temporary workers in the hiring company and a procedure for a permanent position of temporary workers in the hiring company. 85 of the 267 agreements include articles on the workload of elderly employees (50 to 55 years of age and older), 53 proposals for further study and the other 30 introduce concrete measures. These include a reduction of overtime and shift work, extra days off and a standard 32 or 34 hour working week with pay at the existing or a slightly reduced level.

Performance-related wages provide, in a number of agreements, provisions for relating increases in wages to individual appraisal schemes or profit-related company schemes. The most frequently addressed issue concerns working time flexibility, mentioned in 117 agreements. It is interesting to note that on this issue the recommendations of the Foundation of Labour were hotly contested after the framework agreements were concluded. The employers favoured part-time work as an important contribution to working hours flexibility and as a way of introducing flexible jobs. They also saw it as an alternative solution to a collective reduction of working time, as favoured by the unions. The unions reacted by shoring up the rights and security of part-time workers. Subjects in the agreements are: the reduction of working time in combination with working time flexibility and the widening of business operating hours, the introduction of working time accounts and flexible leave for care arrangements, more rights for part-time workers (such as the option for an increase in the numbers of hours in the contract of the part-time employee after regular overtime over a certain period of time or the right to switchback from part-time to full-time employment), and arrangements for parental leave. Other forms of flexibility are contract flexibility and functional flexibility. Contract flexibility is in its infant stage, as the new labour law '*Flexibiliteit en zekerheid*' (Flexibility and security) had just been introduced in 1999. Functional flexibility is often included as part of employability schemes.

Two data sets have been used to trace the implementation of the recommendations of the Foundation of Labour at the sub-national levels of collective bargaining. The Labour Inspectorate survey evaluates the results of six selected recommendations of the Foundation of Labour, implemented in 117 large industry and corporate bargaining units over a number of years. In total this produces 476 articles, so on average every agreement addresses four out of the six issues under study. As these are large bargaining units, huge numbers of workers are involved, often between 2/3 and 3/4 of all workers covered by collective agreements. This creates the impression of the implementation on a large scale over the period studied.

The *CNV BedrijvenBond* survey suggests a much lower rate of implementation. This survey concerns in the main 267 small company (and some small industry) agreements, and most importantly allows us to distinguish between agreements that contain provisions to carry out research or to discuss a proposal at a later stage (no harm in that!) and provisions to introduce actual measures. Yet if we take two other considerations into account, the gap between the *CNV BedrijvenBond* survey and the Labour Inspectorate survey narrows to a certain extent. First of all the *CNV BedrijvenBond* survey registers only the introduction of new provisions in the 1996-97 bargaining round. Agreement on other measures may have been reached at an earlier stage. Secondly in any bargaining round only so many new items (two or three) can be taken on board. If we assume an average of 2.5 new items in 267 agreements we reach an estimate of 667.5 new articles. In this survey we counted 615 new articles. This means that in most of the agreements, apart from agreeing on wage restraint, two to three other issues on employment and competitiveness are addressed.

The company level

There may be a huge gap between a text agreed in a collective agreement and its implementation at firm or establishment level, especially in the case of industry agreements. In the case of company

agreements, one may assume that implementation of clauses in the agreement is actively taken up by personnel management, local unions and/or works councils. In the case of industry agreements such an assumption cannot be made, especially as many of these agreements cover small companies. First of all small companies often have no or only a limited personnel management function, no local union and a passive works council. Secondly, although an industry agreement is legally binding in the Netherlands for all companies and employees in its sector, large numbers (often up to 50%) of companies deviate from or do not comply with crucial clauses.

Ackerman & Klaassen (1998) provide an example of a gap between an agreement and its implementation. It concerns the recommendation of the Foundation of Labour on lower starter scales, which was taken up in nearly all collective agreements, a clear sign of the success of this particular recommendation. Their survey proved, however, that only 14% of the companies actually apply lower starter scales, and they cover only 6% of their workforce. The main reason for companies not to use lower starter scales is that they do not have jobs on such low skill levels in their work organisation (52%). This was also the main argument of the federations of employers and unions in resisting the government pressure on this issue at the time at the national level. Nearly another quarter (23%) states that the labour market dictates a higher wage. So although the recommendation of the Foundation of Labour is implemented in collective bargaining, it is quite a different story in terms of the reality in companies.

Three cases have been studied to depict the company level. Case Brewer is a Dutch-owned multinational. 3 801 manual workers are employed in the business units breweries and related services. Union density is 80%. There are 6 work councils with one group works council. Union density among work council members is over 95%. The company and the unions conclude a company agreement covering all manual workers. This company agreement can be classified as a large agreement and was for instance one of the first agreements to introduce a 36-hour week and later on an employability clause. Brewer is a pattern setter for trade unions, a 'dedicated follower' of trade union demands and of the recommendations of the Foundation of Labour.

Brewer announced in 1990 a major reorganisation with redundancies of 700 workers. The reason was a serious financial loss due to a decline in market share and high production costs. After a wildcat strike and a lost court case, management proposed a new reorganisation plan. In 1992 'People make Brewer' was agreed upon. In this plan two main principles are laid down:

- the introduction of business units and autonomous workgroups;
- integrated change in a gradual process of redesign of work and organisation, involving unions, workers and work councils.

Part of the new plan is a special additional social plan for the years 1992-1997, during which no forced redundancies will take place. This social plan was renewed for the period 1998-2002 and focuses on the social consequences of 'Multi-skill in autonomous work teams'. There is also an additional separate agreement between Brewer and the unions on the application of the test procedure (selection mechanism) for workers and team-leaders as to their future potential for working in the teams and on their trainability.

Though the last agreement remains a bone of contention, unions, work council and management are on the whole positive about the results of the project "People make Brewer". Bargaining on

employment and competitiveness was explicitly linked to a division of 'labour' between unions bargaining on employment and wages, and work council consultations in crucial organisational issues at an early stage. The works council members call this, without scruples, the 'dirty hands model'.

Case Truck is part of an international company in the truck industry and assembles trucks mainly for the west European market. Around 2 000 manual workers are employed in two plants. Union density is 40%, but union density in the works council is considerably higher. The company is covered by the industry agreement for large engineering companies. At company level additional agreements are negotiated between management and the works council. Truck applies the industry agreement loyally as an active member of the employers federation negotiating committee.

After a severe drop in demand during the 1992/1993 recession, Truck reacted to a renewed increase in demand with a change in production strategy from standardised high-volume towards customised high-volume production. It introduced numerical flexibility on a large scale. This proved to have many drawbacks, e.g. in the quality of production and by overburdening permanent staff. Truck therefore started to pioneer reforms in working time flexibility (shift system and working time account) and in numerical flexibility (in-house employment agency). They first agreed with the works council on these issues and in the meantime forced the Ministry of Social Affairs and the unions to stretch, respectively, some labour laws and the industry agreement to its limits. Subsequent reform of the labour laws on working time and, later on, security for temporary workers, was to a certain degree modelled on these reforms. In a later development, the headquarters of this foreign-owned subsidiary decided to concentrate the production of engines, back axles and truck cabins in the home country, reducing the plant to just an, albeit large, assembly operation, using the plant's experience in labour flexibility to the utmost. Again bargaining on employment and competitiveness is explicitly linked to a division of 'labour' between unions bargaining on employment (compensation for the lost production to the home country) and the work council on labour flexibility. Its own strategic decisions and market situation forced Truck to overcome restraining labour laws and collective agreements. Truck is a 'rebel with a cause'.

Case Supplier is owned by an American multi-national and develops and markets component parts, mainly for the automotive industry. They employ on one site 345 employees, 200 on a fixed-term contract and 145 on a temporary contract. Union density is very low indeed, among both the workforce and the works council. The company is covered by the industry agreement for small engineering companies and related establishments. There are no additional agreements at company level and management decides HR policy largely unilaterally. Supplier applies only parts of the industry agreement as it sees fit. Supplier is an 'outsider'.

Supplier was very successful in becoming a co-maker of the major vehicle producers. It reacted to increasing demand and shorter delivery times, first by introducing numerical flexibility on a large scale. Soon it realised the drawbacks of this policy and, similar to Truck, it provided one of its employment agencies with an in-house facility. The 'elite' of temporary workers was offered a permanent position at the employment agency. Later on Supplier switched to a first-tier supplier position and started extensive outsourcing of all production apart from final assembly and delivery to its critical customers. It upgraded its engineering department. This facilitated a further de-skilling of final assembly in order to increase numerical flexibility through job rotation. Although the work

council is consulted, management acts largely unilaterally. There is no link between employment and competitiveness.

We don't know of course the number of 'dedicated followers', 'rebels' and 'outsiders', let alone the number of 'dropouts', who are actively trying to disassociate themselves from the rules of collective bargaining. In the case of company agreements, as the Brewer case illustrates, there is often no problem. The agreement is implemented. The difference between Truck and Supplier neatly illustrates our point in the case of industry agreements: in Supplier, as a small company under a 'small companies' industry agreement, the degree of implementation is much lower in comparison to Truck, which is under a 'large companies' industry agreement.

Discussion and conclusion

Traxler (1995) describes changes from a centralised to a decentralised system of industrial relations in terms of a shift in (hierarchical) levels of bargaining and in the degree of co-ordination (goals and capacity) between and within federations of employers and unions. If a loss or breakdown of co-ordination accompanies decentralisation, he labels it disorganised decentralisation. Organised decentralisation occurs when a shift to lower levels materialises whilst co-ordination is either maintained or even strengthened (a shift towards a lower level is not a zero-sum game at the expense of a higher level).

Actual bargaining in Dutch labour relations has clearly shifted downwards from national level to the level of industry or company-level collective bargaining. As to the co-ordination of bargaining, negotiators of large agreements participate actively in workgroups of the social partners in the Foundation of Labour, and in formal and informal internal co-ordination within their respective unions and employers federations. This gives them a degree of influence on the nature and content of the national agenda. In turn the recommendations of the Foundation of Labour address a multitude of subjects in general terms. This may seem a weakness, but in this way the negotiators do not experience the recommendations as a 'dictate' and do have some leeway in their interpretation. As a result they can make their own agenda for negotiations compatible with the recommendations. Small company bargaining units and their negotiators, especially on the employers' side, are much less involved with national issues and with the process of internal co-ordination within employers' federations and unions. This lack of participation is compensated through pattern bargaining: agreements in small bargaining units follow in the footsteps of relevant large bargaining units.

We believe that the Netherlands is a clear case of organised decentralisation because of two main innovations in collective bargaining. First of all innovation of substantive aspects: a move from predominantly distributive bargaining on wages towards integrative bargaining on a wide range of issues in which constituent parties have a long-term interest, such as employment and competitiveness. Second a procedural innovation: the articulation and co-ordination of different levels of collective bargaining including the company level. In essence what is attempted is an integrated multi-level bargaining system stretching from the national level right down to the individual firm.

Elsewhere we have stressed the role of the firm: changes in Dutch labour relations over the past 15 years (Looise, Van Riemsdijk and De Lange 1998, Huiskamp, 1997) are the result of an interaction between institutional decision-making and company strategy. Many companies struggled for the relaxation of existing limitations and rigidities in labour regulations in the 1980s, because of the market requirements they had to face. Stuck between a rock and a hard place, some of them took matters into their own hand, stretching existing laws and regulations to the limit. These 'signals from the marketplace', however, also helped to shape new regulations and agreements.

Organised decentralisation is as strong as the weakest link in the chain, i.e. the implementation of the outcomes of collective bargaining, collective agreements at the individual firm. At company level the mechanisms for co-ordination are far weaker. Part of the negotiations has shifted from employer and trade unions to employer and works council, e.g. labour flexibility and organisational matters. Although many works council members are (active) union members, they have their own legal base and use their independence vis-à-vis the trade unions. Trade unions do not act as co-ordinators between works councils (and employers' federations certainly do not). Works councils are predominantly orientated towards – and often loyal to – their company and their own fellow workers. So the issues handled on this level are much more local issues related to day-to-day solution seeking. The scope of reference and the interests of the parties involved are much narrower and directly company specific.

The essence of the Dutch approach is not just, as many foreign commentators have suggested, wage moderation, but creating competitive consensus at macro, meso and micro level, by accepting the forces of the market while retaining some form of regulation. Organised decentralisation acts as a lubricant for the introduction of changes at company level that in other countries are introduced in a more confrontational manner.

Appendix 1

Main characteristics of the surveys

Labour Inspectorate (1998a, 1998b)

General: the Labour Inspectorate evaluates the results of recommendations of the Foundation of Labour on a regular basis. The subjects of evaluation are politically determined. The inspectorate is part of the Ministry of Social affairs and Employment and informs the Dutch parliament on the progress made in the implementation of recommendations. In this way parliament monitors collective bargaining.

Specifics:

- the number of agreements: in the report of 1997 a total number of 117 collective agreements are analysed;
- coverage of agreements: the private sector and public sector (90% of all workers under a agreement, in total around 4,2 million workers);
- type of agreement: most of the agreements are large industry and large company agreements;
- nature of the material: the survey represents an accumulated overview of the agreements on particular subjects added over a certain period of time.

CNV BedrijvenBond (1997 & 1998)

General: CNV BedrijvenBond reviews the results of 267 collective agreements from the manufacturing sector and the transport sector. This overview is the result of the reports sent in by paid trade-union officials to their internal co-ordinator of collective bargaining. It is an internal report. The trade union evaluates the results to be used as input for the next bargaining round.

Specifics:

- the number of agreements: 117 agreements were concluded in 1997 and 150 in 1998. As nearly all these agreements run for a period of two years, the results can be added together, in total 267 agreements;
- coverage of the agreements: private sector (manufacturing; transport)
- type of agreement: mostly small company and small industry agreements, but also some large company and industry agreements;
- the nature of the material: the overview reports on changes in the agreements struck in that particular bargaining round. So it is possible there are no or only a few new elements in an agreement reported because all the issues were addressed before the 1997/98 bargaining round.

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