Rien Huiskamp

A Diversity of Employment Relations: Collective Bargaining Regenerates (in the Netherlands), but Does Industrial Relations Theory?

Abstract

The specified regulation of the collective bargaining of standardized wages and hours is based on the standardized products, tasks and qualifications of the Tayloristic organization. Many organizations are in the process of changing this organizational concept. A diversity of employment relationships is becoming the norm. Employment relationships labelled 'atypical' in comparison with 'standardized' no longer provides an adequate description of the situation. Can collective bargaining cope with its heavy reliance on the specification of standardized employment relations?

A regeneration of collective bargaining is under way in the Netherlands, with regard to the content of agreements, the bargaining structure and the nature of rule making. Innovative collective arrangements allow for 'regulated' flexibility between the workload and performance of a company and such issues as job content, staffing levels, wage levels and hours of operation. At the same time, they allow for more individual choice by employees in terms of working hours, pension plans and social security. Flexibility on behalf of the company and individual choice on behalf of the individual are brought together.

Presently, trade unions and employers' organizations in the Netherlands are addressing this issue. Are academics? Can industrial relations theory cope, or is its future as an academic field of study still under threat? This is the second question addressed in this paper. I believe that the concept of the employment relationship should take centre stage and be formulated anew due to changes in the content and nature of the exchange between employer and employee.

Sources of diversity in employment relationships

There are three main sources of diversity in employment relationships:

- The first source of diversity involves whether labour is carried out within an employment relationship or within a commercial market relationship, such as subcontracting. Many companies are involved in defining their core business and in

'redesigning business processes'. They are increasing external flexibility, i.e. outsourcing;
- Secondly, within employment relationships there is a choice concerning the duration and regularity of work, such as permanent and temporary work, and variations in the status of the contract. Many companies are increasing external flexibility, i.e. numerical;
- Thirdly, there is a choice between specified and diffused employment relations. The specified regulation of standardized wages and hours is based on the standardized products, tasks and qualifications of the Tayloristic organization. The underlying uniformity of tasks (operational) and qualifications (lesser-skilled) is increasingly giving way to the differentiation and broadening of tasks and qualifications. This has implications for the specification of jobs, wages and hours: they are becoming more diffuse. Many companies are involved in redesigning work and the organization, which thereby increases internal flexibility, i.e. functional.

A diversity of employment relationships is becoming the norm. Employment relationships labelled 'atypical' in comparison with 'standardized' no longer provides an adequate description of the situation.

Other relevant factors are:

- Changes in the composition of the labour supply: the increase in part-time work, the level of education and dual incomes;
- The increased demand for individual choice: perhaps not so much as a result of the much-debated 'process of individualization', but at least stemming from a stronger need and desire by many individuals to express their own preferences, and a decrease in stability concerning preferences embedded in traditional alliances (family, political, trade union);
- The introduction of HRM, in which the individual employee takes centre stage, often – it is said – at the expense of the collective.

Can collective bargaining, with its heavy reliance on standardized employment relations, cope with this increase in flexibility, diversity in employment relationships and individual choice? Or is collective bargaining 'withering away' leaving an 'institutional vacuum' within employment relations, as Beaumont (1995) suggests for the UK. Can industrial relations theory cope, or is its future as an academic field of study under threat (Barbash, 1990)?

In this paper, I will first examine recent changes in company and industry bargaining in the Netherlands. I believe there is a regeneration, especially of industry bargaining, in adapting to the new circumstances. Secondly, I will outline the need for the concept of the employment relationship as a distinctive entity, separate from the concept of industrial relations (systems). Both industrial relations practice and theory need to place employment relationships in the centre stage in order to survive.

The reform of collective bargaining

Innovations in company bargaining

Firstly, there is a slow but steady increase in company agreements (due to the privatization of parts of the state sector). Secondly, some large and medium-sized corporations (AKZO, KBB, Wavin, Centraal Beheer) active in manufacturing, retail and insurance have become pioneers in the radical transformation of their company agreements. Employers and trade unions have devised formulas which allow for a better match between the performance of a company, the demand for flexibility and individual choice within collective arrangements. Important subjects are:

- A link between wages and company or individual performance through the introduction of profit-sharing schemes and the replacement of seniority by appraisal in terms of promotion;
- A match between staffing levels and workload by the introduction of the average working week and the number of hours to be worked each year (time corridor);
- A shortening of the working week and longer hours of operation, sometimes with individualized working hours (the demarcation between full-time and part-time employment is disappearing);
- Individual choice in care arrangements, such as collective pension plans and social security.

Diffusion to industry bargaining

These innovations have been introduced in industry bargaining along similar lines. In this paper, changes in the content and structure of industry bargaining are examined on the basis of ten industry agreements.

Table 1. Changes in the content and structure of industry bargaining.

		Degree of change in bargaining structure	
		limited	*large*
Degree of change in bargaining content	limited	– hospitals – engineering industry	– energy and public utility industry – computer industry
	large	– health insurance	– Rotterdam docks – printing – banking

In some industries, such as hospitals and engineering, little has changed in either content or structure. Companies have been given leeway in applying some of the regulations, for instance on seniority or the reduction of the working week.

Other industry agreements, such as in banking, printing, the Rotterdam docks and health insurance, have undergone a rather radical transformation.

The change in bargaining structure concerns:

- The introduction of bargaining both at industry level and company level (industry bargaining sets guidelines and safety nets for company bargaining) in the Rotterdam docks industry, and in the printing industry;
- An enlarged role for the works council in the printing industry and in health insurance, also supported by changes in the law on working conditions (*ARBO wet*) and the recently introduced law on working hours;
- The introduction of the right of individual expression and consultation at the level of the workplace (with safeguards) in health insurance and banking.

Another important aspect is the change in the nature of rule making, from specified and detailed regulations to more global standards and guidelines. Examples are:

- The shift from detailed job descriptions to job families or job ladders, sometimes related to skill-based pay;
- The shift from universal standardized working hours to the introduction of standards for schedules relating to working hours/shift work, such as the maximum length of the working day, hours to be worked over a period of several months and time off;
- The introduction of standards for individual choice within 'cafeteria' systems, such as the maximum number of working days being 'bought or sold' by an employee on an annual basis or by saving for early (part-time) retirement.

The historically important agreements in the printing industry and the Rotterdam docks are especially noteworthy. These are counted among the pioneers in the establishment of collective bargaining at the beginning of this century. These sectors have undergone a radical economic and technological transformation in the past fifteen years. Collective bargaining is now following suit.

In other industries, such as the energy and public utility sector, renewal has been limited to changes in the bargaining structure, and the content is evolving more slowly.

The establishment of industry agreements in the growth sectors of the economy is of great importance. An existing industry bargaining arrangement has been broadened to include the whole of the computer sector and related services. This is a major change. In the last fifteen years, the computer sector and related services have been presented as the cause of the future decline of collective bargaining. Indeed, up until this point, most companies in this industry only had individual bargaining arrangements, or they reached an agreement with the works council. Due to increased competition, poor economic performance and some large-scale redundancies, companies and works councils have become interested in establishing collective regulations.

Another important development is the industry agreement concerning temporary employment agencies, established some years ago. At present, a proposal is being

discussed with regard to permanent contracts for temporary workers at employment agencies, after a temporary employee has worked for a period of time at one company or in a number of positions at different companies.

All of these new collective agreements allow for 'regulated' flexibility between a company's workload and/or performance and job content, staffing levels, wage levels and hours of operation. At the same time, they allow for more individual choice by employees in terms of working hours, pension plans and social security. Flexibility for the company and individual choice for the individual are brought together.

In the structure of collective bargaining, there is a broader scope for plant-level bargaining, an enlarged role for the works council or safeguards for the right of individual expression and consultation at the level of the workplace.

There is a shift in the nature of rule making, from detailed and specified regulations towards standards.

This means that there is more room for companies to adapt to increases in international competition without abandoning either company of industry bargaining in order to survive or to meet its reformulated strategic needs. Also, if a company stresses the importance of the individual in its HRM policy (as in computer firms), there is much more room for the integration of individual choice in the collective agreements.

The employment relationship in industrial relations theory

It sometimes appears that, in our field, the term 'employment relationship' is being used as a synonym for industrial relations. Colleagues are trying to capture the fashion without evident alteration of the subject. Story (1992, 24) found a similar situation in the use of the term 'HRM' in comparison to personnel management: HRM has a modern ring to it.

I believe that the concept of the employment relationship should be regarded as a distinctive entity in conjunction with the concept of industrial relations. Elsewhere (Huiskamp, 1995), I have outlined the concept of the employment relationship in depth. The concept needs to be conceptualized anew for three main reasons.

The first reason concerns a number of important changes in the content and nature of the exchange between employer and employee. The classic exchange between effort and pay should be broadened to take the following into account:

- The severing of the simple link between performance and output in many organizations. It is not the actual, prescribed activities that determine the level of compensation, but the qualification and potential of the employee;
- The combination of operational skills with skills from specialist areas such as maintenance, quality control and logistics. This is based on an increase in cognitive, abstract skills and in social-normative skills such as creativity, customer orientation and responsibility;

- The shift from physical to mental strain, in retaining or expanding one's capacity to work;
- Changes in the meaning of work. The exchange between effort and pay is not only an economic exchange; the psychology involved is just as powerful. For instance, expectations play a crucial role. Within the patriarchal setting of a small company, the employment relationship may still be experienced as a gift relationship, almost like kinship. In an another company, the solidaristic concepts of fairness and equity may define the employees' outlook on performance and pay. In yet another company, the employers' values may be internalized to such a degree that the employees regard themselves as individual entrepreneurs.

The second reason concerns the dual nature of the employment relationship as a relationship between two market parties and as an organizational relationship. In any employment relationship, the employee defers (some of) his/her autonomy to the employers' decision-making authority. In some instances however, it resembles a relationship between two market parties to such a degree that it becomes almost a commercial relationship, governed purely by contract and price. In other instances, organizational characteristics are completely dominant, the employment relationship is governed by the organization and institutionalized in an internal labour market with formalized systems for education, appraisal, pay, etc.

This dual nature is complicated, because in many modern production processes there is a close relationship between the producer and the consumer or client. In many services, the client even becomes part of the process of production.

Many employment relationships acquire the characteristics of commercial relationships, while at the same time, the market enters into the very organizational structure of the company itself. Thus the distinction between market and organizations becomes even more complicated.

The third reason concerns the changes in collective bargaining, its structure, content and the nature of rule making in the Netherlands as described above. The employment relationship is regulated; rules govern the substance of the exchange. Regulation takes place at one level or at multiple levels by one or more actors (trade unions, employers' organizations, the State).

During a certain period (1950s to mid-1970s), the exchange between employer and employee in many countries was permanently and nearly completely substituted by the exchange between their respective interest organizations. The 'classical' concept of industrial relations was particularly concerned with this exchange at a system level. But one cannot take this substitution for granted.

Although rules provide structure and continuity in the employment relationship, these rules themselves are also subject to change; for instance, if one actor decides to withdraw into the background, or chooses to withdraw altogether, such as the State.

The employment relationship as a distinct concept offers better opportunities for understanding developments in the nature of work, in the relationship between the

market and the organization, and in the expectations and meanings of individual employees. This can be illustrated on the basis of the following points[1]:

COMPANY

- The shape and content of the employment relationship is to be viewed as an explicit management issue;
- A major factor is the introduction of HRM as the dominant personnel management ideology with its greater stress on the individual;
- Furthermore, the concept of the employment relationshop can properly take into account the increase in direct participation at the place of work, for instance in (semi) autonomous work groups or improvement programmes.

EMPLOYEES

At the employce level the concept of the employment relationship produces an added value in view of:

- The increase in educational levels, part-time work and dual incomes, changes in consumption patterns and the relaxation of traditional alliances result in a greater demand for the expression of individual choice;
- The supply side in non-standard contracts. The core-periphery contrast is too crude in the examination of non-standard contracts. In addition, atypical employment relationships are not only a matter of labour demand but also of labour supply. Hunter (1993) found that the number of hours (full-time/part-time), the duration or regularity of work (permanent/ temporary), the status of the contract (wage earner/self-employed) and the level of education (high/low) are distinctive empirical categories in non-standard contracts.

THEORY

- It is important to study the dynamics of employment relationships as a subject in itself, distinct from the rules governing the employment relations, such as in collective bargaining;
- The concept of the employment relationship offers a far better understanding of actors and their strategic choices than the concept of industrial relations embedded in a system approach;
- It offers an excellent opportunity to integrate several theories, such as transaction costs, the logic of collective action and interorganizational relationships (Huiskamp, 1995).

References

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[1] For a further elaboration in Dutch see Huiskamp and Kluytmans, 1997.

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