The quality of industrial relations in the European public sector

This report examines the quality of industrial relations in the public sector in five EU Member States: France, Finland, Germany, Ireland, and Italy. Today there is pressure for change and reform across the European Union public sector, with particular emphasis on increased efficiency and effectiveness within tight expenditure constraints, concerns about job security and problems of labour shortages as a result of recruitment breaks and retention problems. The report looks at different models of integrative bargaining aimed at 'win-win' solutions. The term 'flexible collaboration' is used in the report to describe an approach to industrial relations that promotes dialogue and participation at every level, good quality information exchange and high levels of trust without dismantling useful procedural safeguards.

The European Foundation for the Improvement of Living and Working Conditions is a tripartite EU body, whose role is to provide key actors in social policymaking with findings, knowledge and advice drawn from comparative research. The Foundation was established in 1975 by Council Regulation EEC No 1365/75 of 26 May 1975.
The quality of industrial relations in the European public sector
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The quality of industrial relations in the European public sector
Foreword

This report forms part of a body of work by the Foundation specifically concerned with the ‘Europeanisation’ and modernisation of industrial relations. Previous studies over the period 1999 to 2002 had charted the changing face of European industrial relations in recent times, looking at aspects such as the situation of industrial relations in the private sector, the process of public sector reform under European Monetary Union (EMU) and the quality of European industrial relations in a global context. This served to benchmark the European industrial relations systems against those of Japan, the United States, Russia and the ten countries due to become Member States of the European Union in May 2004.

The present report is the outcome of research focusing on the quality of industrial relations in the public sector. The research took a three-pronged approach: a literature review, an analysis of recent collective agreements, legislation and public documents, and a survey of industrial relations experts in local government. The five countries chosen – France, Finland, Germany, Ireland and Italy – were deemed to represent different models of industrial relations. A key objective of the research was to generate a series of benchmarks concerning the quality of industrial relations that could be used by the social partners as a means of self-assessment and to promote mutual learning across the public sector and between countries.

There is evidence of common pressures for change and reform across the European Union public sector, with particular emphasis on demands for increased efficiency and effectiveness within tight expenditure constraints. Concerns about job security are high on the agenda of most trade unions, in addition to problems of labour shortage as a result of recruitment breaks and retention difficulties. In this context, the special employment relationships that some public service staff may have enjoyed in the past are expected to be the subject of reform. This has necessitated important constitutional changes in some cases — and this has not been uncontentious. The reform of pensions systems, in particular, has been hotly contested.

This report, therefore, we hope provides a useful contribution to the current debate.

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Acting Director
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This research was commissioned by the European Foundation for the Improvement of Living and Working Conditions as part of a body of work concerning the modernisation of industrial relations. A previous comparative study (Sissons et al., 1999) had examined industrial relations in the private sector and concluded that though significant change was underway there was little evidence of convergence to a European model at that time. This was echoed in the work of Bach et al. (1999) who refer to three concurrent trends in public service industrial relations – transformation in some European countries, modernisation of existing models in others, and inertia in yet others. A further study by Hemerijck et al. (2002) examined the process of public sector reform under European Monetary Union (EMU) and their conclusion was that the new economic conditions had brought about a regime shift in most countries, with important implications for the quality of employment and the nature of industrial relations in the public sector. They specifically recommended further research into the local government sector. On the quality of industrial relations, Biagi et al. (2002) began to develop a benchmarking approach that could be used to assist the social partners in assessing standards of industrial relations outcomes. Each of these studies has informed the current research.

This research examines the quality of industrial relations in the public sector in five countries – France, Finland, Germany, Ireland and Italy. This has been undertaken by means of a literature review, an analysis of recent collective agreements as well as legislation and public documents, and a survey of industrial relations experts in local government. An objective of the study was to generate a series of benchmarks concerning the quality of industrial relations that could be used by the social partners as a means of self-assessment and to promote mutual learning across the public sector and between countries.

The report is divided into four parts:

- Chapter 1 examines the main themes from the literature and provides a comparative contextual background on each of the five countries, including recent collective agreements in the public sector;
- Chapter 2 presents the results of the survey;
- Chapter 3 sets out some proposed benchmarks for the analysis of the quality of industrial relations; and
- Chapter 4 presents overall conclusions arising from the analysis and raises some questions for further research.
Overview of industrial relations in the public sector

Pressure for change in the European industrial relations sphere

An overview of recent literature and reporting presents the essential contextual background for this study. There is evidence of common pressures for change and reform across the European Union public sector, with particular emphasis on demands for increased efficiency and effectiveness within tight expenditure constraints. Concerns about job security are high on the agenda of most trade unions, in addition to creeping problems of labour shortage as a result of recruitment breaks and retention problems. Broader European policy, targeted at the creation of more and better jobs, encourages greater flexibility in employment patterns, supported by an ethos of life-long learning. In this context, the special employment relationships that some public service staff may have enjoyed in the past are expected to be the subject of reform. This has necessitated important constitutional changes in some cases — and this has not been uncontroversial. The reform of pensions systems, in particular, has been hotly contested.

The influence of changes in the nature of industrial relations in the private sector, with an emphasis on individualised human resources management (HRM) practices, can be traced through to the public sector. New public management techniques include an interest in localised performance management, with implications for the way in which pay and conditions are determined, especially for managerial staff. However, public service employment remains special in its extraordinary dependence on the goodwill of staff to deliver universal access, affordability, fairness to clients, accountability to elected officials and the highest standards of corporate governance. For this reason, new public sector managers face a more complex array of demands than most of their private sector counterparts. In addition, the risk of staff demotivation under conditions of financial austerity is high.

A brief overview of the five countries selected for this study (France, Finland, Germany, Ireland and Italy) reveals the importance of understanding the legacy of history, culture and political economy in shaping the nature of industrial relations (see p. 10). The five countries studied were thought to represent different models of industrial relations: Anglo-Saxon, Nordic, southern European and Continental. However, these traditional models proved to be unhelpful and there is evidence of a shift in the industrial relations coordinates of most countries, most obviously Ireland. While experiencing common pressures, there is no real evidence of convergence among the countries studied, although, as the conclusions to this report suggest, there is considerable scope for mutual learning between them.

A review of theoretical perspectives on industrial relations reveals that pluralism remains the dominant approach in the European public sector. This has even broadened in scope to include acknowledgement of the interests of stakeholders beyond the direct employment relationship (i.e. clients, suppliers, consumer groups). Models of integrative bargaining aimed at ‘win-win’ solutions offer the best insights into the analysis of collective bargaining under conditions of reform and organisational change. The term ‘flexible collaboration’ is used here to describe an approach to industrial relations that promotes dialogue and participation at every level, good quality information exchange and high levels of trust without dismantling useful procedural safeguards (for example, disputes procedures that prevent breakdown).
Introduction of EMU
The convergence criteria for entry to the European Monetary Union (EMU) imposed a strict low-inflation discipline on participating Member States. Budget deficits and the level of public debt must be closely controlled and there is little scope for exchange rate fluctuation or interest rate manipulation. As a result, it will be very difficult for EMU countries to finance expansion of public services through deficit planning. Limits on public expenditure puts pressure on public sector employment in terms of wage bargaining, conditions and job security. This problem becomes even more acute when one considers the increased expectations of public services in the context of an ageing population and increased dependency ratio. An intention of EMU, of course, is to enable stable and sustainable growth by providing sound macro-economic conditions that will promote the creation and retention of good jobs.

Need for flexibility
The European Employment Strategy (EES), formalised within the Amsterdam Treaty of 1997, places emphasis on the creation of more and better jobs. The implementation of the treaty is achieved through the production of annual European employment guidelines organised around four pillars (Goetschy, 2001a):

- improving employability;
- developing entrepreneurship;
- encouraging adaptability (including the modernisation of work organisation); and
- strengthening equal opportunity policies (including making work more family-friendly and facilitating a return to work).

Levels of unemployment in EU countries had been running high throughout the 1990s and urgently required supranational coordination. The uneven distribution of unemployment was also of great concern, giving rise to problems of social exclusion. A potential solution was seen to be the liberalisation of the labour market to provide jobs with lower fixed costs (often referred to as ‘atypical’ employment, e.g. temporary or part-time jobs) and to provide access to training and development, particularly targeted at information technology (IT) competencies, and the promotion of life-long learning. The need for labour market flexibility is pitched against the desire for good jobs (here the tension concerns job tenure in particular).

The EES resonates with OECD objectives on the promotion of flexibility and there is an implicit assumption that the twin objectives of more and better jobs cannot be achieved without attention to the quality of industrial relations.

Open Method of Coordination (OMC)
The Lisbon Summit of 2000 was important for two reasons. Firstly, powerful strategic ambitions for the EU were set for the next 10 years — ‘to become the most competitive and dynamic knowledge economy in the world, capable of durable economic growth, of higher employment levels and jobs of a better quality and of improved social cohesion’. Secondly, there was recognition of the difficulty of transposing European directives into national laws. Often this had resulted in diluted versions of real intentions being introduced. As a result, the EU has begun to favour ‘soft laws’ and an Open Method of Coordination (OMC). Here, it is intended that employment guidelines on good
practice should be disseminated to Member States and that they should be required to engage in self- and peer-assessment, formally reporting levels of achievement in annual national action plans. This strategy has exposed a need for self-assessment and benchmarking tools designed to be used in a spirit of mutual learning. An intended outcome of the present research project is to generate a series of benchmarking criteria related to the quality of industrial relations (see Chapter 3).

New public management

Even without the impact of EMU, change was already in progress. In the literature, there is much discussion about the emergence of ‘new public management’ (Bach and Della Rocca, 2000). This involves a managerial shift towards efficiency, accountability and the adoption of ‘private sector’ practices, particularly human resources management. There is also emphasis on the ‘customer/client’ relationship and the management of their expectations. This is partially the result of changes in government policies, favouring programmes of deregulation, marketisation and privatisation. Hemerijck et al. (2002) remark that ‘the scope of government has quite drastically changed in the last two decades. Generally it can be said that the focus has shifted from a (“big”) government as the provider of many, if not all, public services towards a (“lean”) government as the facilitator of public services’.

Even short of privatisation, there is an impression of a more ‘business-like’ approach to public management. The influence of the OECD’s PUMA (2000) has been important here in focusing on a results-oriented approach to public management. There is an interesting flavour to this in Europe, which is the desire to use efficient practices without losing the important ethos of public service; this might be interpreted in terms of access, openness, equality, social responsibility and high standards of corporate governance.

Quality and benchmarking

Related to the learning approach embedded in the Open Method of Coordination (OMC) and the European Employment Strategy (EES), there is an interest in all matters concerning quality in the public sector. There is an implicit assumption in this research that high quality industrial relations goes with high quality industrial performance. It could be argued that, historically, Germany offered the best evidence of this, sustaining a virtuous circle of peaceful industrial relations, high performance, continuous improvement, job security and good rewards (Ferner and Hyman, 2001). However, as we shall see, times are changing, especially for German public sector employers and staff.

Benchmarking to high quality is the EU’s preferred approach. It would be possible for public sector employers to achieve efficiency targets by driving down wages and allowing working conditions to deteriorate. But there is strong antagonism to this ‘race for the bottom’ approach, which would contradict so many other aspects of European social policy. Instead, the EU encourages high quality and efficiency, combined with social responsibility and fairness.

There has been a long history of quality improvement in EU countries and a number of benchmarking techniques and processes already exist, covering both the private and public sectors. For example, the Common Assessment Framework, devised by the European Institute of Public Administration (EIPA), offers a self-assessment tool for public sector organisations covering
various dimensions of quality-enablers and results, including some HRM indicators (Engel, 2002). From this, case studies of high performance organisations can be disseminated to facilitate mutual learning. Importantly, quality criteria imported from private sector experience do need to be considered in the context of the special constraints and imperatives faced by public sector organisations. They need to be able to embrace the following concepts:

- Some of the objectives of the public sector are universal access, security, continuity, affordability and good jobs.
- Customer/client relationships can be complex; this is important when considering that the ‘quality’ of anything can really only be defined in terms of customer perception and responses.
- Contributions to society are considered important.
- Ethical behaviour on the part of managers and employees is thrown into high relief.
- There is a felt need to improve the quality of services, citizen participation, transparency and responsiveness. In this, there is an emphasis on change management processes and outcomes (Engel, 2002), including employee participation in decision-making.

Clearly, the development of benchmarking criteria on the quality of industrial relations in public sector organisations must be both faithful and responsive to these special conditions.

There is much discussion about ‘partnership’ as the ‘new European way’. In fact, this idea has a long history in terms of forms of worker participation. Sometimes, these have been elaborate, bureaucratic systems of incorporation (such as the academic critique of the German system of co-determination). However, it could be argued that the most rigid systems of participation have delivered the most consistently good results (Ferner and Hyman, 2001).

**Skills shortages**
An objective of new public management is the achievement of efficiency targets and close control of budgets. It was thought helpful that the level of exits (voluntary quits, especially early retirements) from public sector employment was higher than the number of new entrants. This enabled structural reforms to take place, including the slimming down of workforces and the introduction of greater flexibility in new contracts. However, there are now fears that this may have gone too far (OECD/PUMA, 2002) and many parts of the European public sector are experiencing labour shortages, especially in highly skilled occupations. Acting independently, countries might be tempted to poach skilled staff from their neighbours (it is no secret that the UK routinely does this to improve the supply of nursing and teaching staff). This poaching remedy has strong disadvantages for the EU community — it does nothing to improve the stock of skills and it results in deprivation for the poorest countries. Indeed, this is a global problem and not confined to Europe.

The recruitment problem is compounded by one of retention. Public sector employment has fallen from grace in many parts of the EU. From being considered ‘good employers’, offering job security and opportunities for career progression, potential new entrants now perceive the public sector to be low paid, less secure, uninspiring, weak on career planning and lacking the flexibility required to fit with modern lifestyles (OECD/PUMA, 2002). In response to this, the OECD has promoted an
initiative to make the public sector the ‘employer of choice’. Clearly, the quality of industrial relations in terms of both processes and outcomes must form a key dimension of this.

**Comparative research in the public sector**

Comparative research is always fraught with difficulty. Comparing ‘like with like’ is nearly impossible and it is hard to find truly comparative data even on basic things such as levels of employment. Furthermore, this study deals with industrial relations research in which nothing ever remains static and conditions are often volatile, making it difficult to control for recent events. The following discussion outlines the methodological approach used.

**Definitions of ‘public sector’**

Defining what is meant by ‘public sector’ is not easy. With the levels of privatisation, deregulation and marketisation that have taken place, it is hard to know what exactly is the public sector any more. ‘Providers of public services’ is one way to think of it, but this definition would extend to voluntary services, subcontractors and so on. For example, Pillinger (2001) offers this definition of ‘social public services’ — ‘services provided to citizens by paid workers (and in some cases by unpaid volunteers and family members), to meet general social needs; they are regulated, funded or provided by local, regional or national government within the areas of health, education, social services, housing, employment and social security’.

However, Pillinger’s research was mainly looking at ‘care services’ and did not explicitly focus on industrial relations. For the purposes of this study, the boundaries are drawn around ‘the quality of industrial relations in the services provided to citizens by paid workers’.

To analyse the blurred boundaries between public and private sectors, Hemerijck et al (2002) offer a public sector matrix that, although not a perfect fit, outlines public services at various stages of reform. Public services can be clustered according to the degree of centralisation of the regime as follows:

- **Cluster 1**: Completely centralised services, e.g. functional/territorial government, defence, etc;
- **Cluster 2**: Decentralised/devolved but highly regulated, e.g. education and health;
- **Cluster 3**: Marketised and deregulated, e.g. utilities and transport;
- **Cluster 4**: Completely privatised, e.g. telecommunications.

This study has focused on the quality of industrial relations among public sector providers in Cluster 2, specifically the local government sector. (There are, of course, many private sector providers also in this cluster.) The local government sector provided a sensible base for comparative research and there is evidence of active reform taking place (decentralisation, modernisation, marketisation) in response to a number of similar challenges, including pressures to improve efficiency and increase accountability. Across Europe, local government organisations typically employ large diverse workforces and developments in industrial relations in this sector are likely to influence other areas of public service employment.

When approaching public sector research, it is important to take into account that special employment regulations are in place in many countries and that the nature of the employment relationship is influenced by deep-rooted values and beliefs, which can be referred to as the ‘public
service ethos’. What this means in practice is that public service employees and managers often demonstrate remarkable levels of commitment that go well beyond their contracts, even though their pay and conditions of service may not match their efforts. It could be argued that the quality of public services in most countries is very much dependent on ‘goodwill’. Maintaining this ethos in a cash-constrained environment has always been challenging; to do so under the further constraints of EMU is asking a great deal more.

Unlike private sector employers, there is also a higher degree of regulation in the public sector over managerial and employee behaviour. In the case of local government, decision-making is constrained by the requirement to be accountable to elected officers.

**Perspectives on public sector industrial relations**

This section gives an overview of the scholarly work that has informed industrial relations research and assisted in the development of various analytical models. This work also needs to be understood in the context of the historical and cultural legacies that have influenced particular national approaches to the management of public sector industrial relations.

It is possible to analyse industrial relations from several theoretical angles. Conventionally, scholars have approached this from three perspectives — unitarist, pluralist and radical.

From a **unitarist perspective**, industrial relations is considered to be unproblematic in most circumstances. Based on the idea of mutuality of interests, the survival and success of the employing organisation are key objectives of all organisational members, irrespective of status. Where conflict occurs, this is attributed to poor communication of complex objectives (or deliberate trouble-making). The solution to industrial relations problems according to this perspective is therefore to communicate and consult effectively, and to carefully select staff whose values commune with those espoused by the organisation. Trade unions are not considered helpful since they may generate a division of loyalties. It is generally accepted that this represents a managerial perspective and is most prevalent in the private sector. Aspects of human resources management (HRM) resonate with the unitarist perspective, particularly with the emphasis on individualism and high commitment management (Storey, 2001). The critique is that this is more rhetoric than reality (Legge, 1995).

The **pluralist perspective** takes as its standpoint that there are differences of interest between organisational stakeholders (owners, managers, employees, customers, suppliers and other interest groups). In the context of industrial relations, there are contested areas of the employment contract (such as pay or hours), the nature of work organisation and the degree of control over decision-making. Acceptance of differing interests allows for the possibility of real conflict, even though both sides remain mutually dependent on each other for survival. The solution here is to negotiate and through a process of compromise (sometimes assisted by mediation and arbitration) to reach temporary agreements on substantive and procedural terms. Most typically, this would be represented by some form of collective bargaining between worker organisations (e.g. trade unions) and senior management representatives (sometimes employers’ organisations). The procedural terms of collective agreements are important in preserving stability, for example, by regulating the way in which disputes are declared and handled, often specifying cooling-off periods.
The ‘traditional’ approach to the analysis of industrial relations — commonly referred to as ‘systems theory’ (Dunlop, 1958; Flanders and Clegg, 1954) — had been strongly influenced by the pluralist approach. The systems approach focuses on the institutions, procedures and mechanisms of bargaining that give rise to a set of rules which the actors in the process are bound to abide by (either legally or binding in honour). Assuming that everyone abides by the rules, one can assume that these rules will determine human behaviour and decisions; so when studying industrial relations it is really only necessary to study these institutions, structures and rules. The sterility of this mapping approach, with its emphasis on inputs, structures and outputs, has attracted much criticism and has been largely refuted by modern industrial relations scholars.

The reality and complexity of industrial relations, particularly when acted out at the level of the workplace, has attracted researchers from the broader social sciences, who place less emphasis on the formal than the informal. An important contribution arises out of the work of Walton and McKersie (1965), who proposed an analytical framework based around the notion of integrative bargaining. In essence, they argued that within the pluralist frame of reference many industrial relations problems were exacerbated by distributive bargaining approaches, with their emphasis on ‘win-lose’ outcomes. Integrative bargaining would aim to achieve high levels of satisfaction of objectives on both sides within a collaborative relationship (especially information exchanging). Most obviously, productivity-enhancing solutions would allow this harmonisation of objectives, as would concession bargaining. Notably, the public sector has been turning towards this type of bargaining style, with trade-offs on hours for flexibility, pay moderation for job security and pay increases for changes in working practices. Affordability is a critical dimension of this approach and so the management of financial strategy is thrown into high relief for public sector employers.

Despite its links to unitarism, the HRM school has also embraced this notion of ‘win-win’ outcomes. Here, competitive advantage is to be achieved through the relaxation rather than the reinforcement of rules, by willingness to work beyond contract and with attention to individual employee development, thus enhancing employability. While the focus of HRM tends to be individualist, there is no suggestion that collectivity and individualism cannot co-exist and it would seem that many public sector organisations are attempting to achieve this state. This is well illustrated by the achievements of Irish employers in developing a ‘partnership’ approach to employment, economic and social development — an approach that could not be more collaborative or pluralist in its conception (see p. 15).

The radical perspective on industrial relations still has scholarly support, mainly to be found in the labour process debate (Knights and Willmott, 1986). Here, it is accepted that conflict between labour and capital exists and that its manifestation in the form of disputes is inevitable. In order to extract surplus value from labour to generate profit, employers must closely control workforces, denying them access to labour market power through training and development (or deliberate deskilling) and workplace decision-making, and generating a climate of fear among employees over job security. From this perspective, the solutions are radical, involving the seizure of the means of production, disempowerment of the managerial class and the redistribution of income and wealth. Where this debate gains credence is in the actions of employers that deliberately exploit workers (especially in the international labour market) and managers that seek to disempower intelligent and skilled workers, damaging the quality of their working lives and prospects for improvement.
Public sector employers are not expected to fall into this category because there are strong incentives for government to act as ‘model’ employers. However, regulating for the behaviour of local managers towards employees is not straightforward and the pressure on public sector finances has led many organisations to offer only ‘precarious’ employment conditions to intelligent and skilled workers. The HRM school does not escape the attention of labour process scholars. Expectations of higher levels of commitment and flexibility might be interpreted as attempts at greater exploitation (Pollert, 1987) and it has certainly been interpreted this way by many from the trade union side (CAITS, 1986).

In conclusion, it can be said that all three perspectives on industrial relations outlined above have relevance to the public sector.

■ The unitarist perspective shows through from the managerial side, in attempts to introduce HRM-style new public management techniques; whether these are sinister or innocent probably depends very much on the context in which they are exercised.

■ Pluralism remains the dominant perspective and increasingly this extends to include the recognition of the broader interests of clients, suppliers and community groups. Well-developed systems of collective bargaining exist across most public sector organisations in Europe (with the exception of France), although it is reported that in most cases these arrangements are under reform (see below). Systems theory, as a pluralist approach, offers little analytical benefit under such conditions of change. In short, stability is not expected or desired to be the outcome and inertia within the existing institutions may hinder reforms. The concept of integrative bargaining offers greater insight and fits well with the demands being placed on public sector organisations. The need to achieve ‘win-win’ solutions for all stakeholders within tight financial boundaries requires lengthy and complex bargaining at multiple levels. The use of over-arching strategic agreements with negotiation on implementations at local level may offer the best prospect for flexible collaboration.

■ The radical view of industrial relations also has currency in the public sector. There are many actors who suspect that ‘reform’ will mean increased exploitation, less job security and impoverished working lives. (In some cases, they will not be wrong; the following discussion reports that the level of disputes in the public sector is expected to increase.) The existence of well-developed arbitration and mediation facilities will be important in helping to avert crises in the delivery of essential public services.

Overview of the five countries

This section provides an overview of the nature of industrial relations in each of the five countries selected for this study, drawing on recent comparative literature and reporting of recent negotiation activity.

France

French industrial relations does not fit well with other European models and has been described in terms of ‘exceptionalism’ (Goetschy, 2001b). French employers were typically paternalistic and authoritarian, and there has been a long history of state interventions. Trade union membership is low and the unions themselves have been disorganised and fragmented along ideological lines. The
level of government intervention to protect employees has been cited as a reason for the low levels of union membership and their relative weakness. Despite this weakness, the manifestations of organised conflict have from time to time been highly visible (in mass protests and protracted strikes); often these protests have been directed at unpopular government policy.

However, in recent years, collective bargaining has come to represent the main form of determining pay and conditions, and there have been several initiatives to promote worker participation. These have been part of a quite deliberate attempt to 'normalise' French industrial relations to match patterns in other European countries (most notably the Auroux Laws) and to modernise French industry, with an emphasis on flexibility concerning the organisation of work, particularly working-time arrangements. Bargaining at local level has been encouraged. France has been challenged by persistent high unemployment, especially among young workers, which has presented an urgent need to tackle problems of social exclusion and alienation. A number of initiatives have been attempted to deal with this, including incentives for employers to hire the long-term unemployed and young workers, job creation in the public sector, investment in vocational training and relaxation of labour market regulations to allow the use of more part-time and temporary contracts that may serve as a springboard into permanent employment. Restrictions on redundancies have also been relaxed.

The level of unionisation is higher (about 25%) among public sector employees and they have tended to be more prone to strike. Indeed, they were the principal participants in the 1995 strike that brought the country to a standstill for a month. This was the culmination of a number of difficult conditions, including unemployment and the government's response in terms of wage restraint and demands for flexibility. There was particular concern over the plan to reduce the pension rights of public sector workers to bring them into line with the private sector. The main public sector union, Force Ouvrière (FO), has become more combative in defence of 'acquired rights' — the privileged and protected conditions of service that public sector workers enjoy (although they are paid less than comparable grades in the private sector). In July 2002, Raffarin stated that civil servants would not be automatically replaced (EIRO, August 2002). Though the public sector may have struggled to modernise itself (Groetsch, 2001b), there remains a strong public service ethos in France which may prove to be an advantage over other countries that have quickly embraced private sector practices without deep consideration of the social consequences.

The policy of the strong franc and then entry to EMU has placed limits on the options available to the French government in terms of public sector expenditure and social security spending.

Officially, collective bargaining cannot exist in the French public sector. Wages and conditions have been set by central government in accordance with a long-established egalitarian principle — that there should be no distinction between a road-sweeper whether he lives in Dieppe or Marseille. Unofficially, local bargaining is known to take place, although government officials would never directly confirm this. An important new phase of decentralisation of government administration has recently begun, with an amendment to Article One of the French constitution transferring many responsibilities of central government to local authorities (particularly education, roads and infrastructure), although strategy remains centralised. This has involved the transfer of a large number of civil servants (around 150,000) to local authorities, along with the resources to fund their employment (EIRO, April 2003a). These changes are so recent that it is impossible to
judge their impact yet. The public sector trade unions, while reassured that the special status of civil servants will be preserved, are concerned that this represents the ‘tip of the iceberg’ when taken in conjunction with the continuing pressure to reform public service pensions.

Germany

Germany is perhaps the best example of the Continental model of industrial relations, exhibiting the characteristics of a virtuous circle of strong and stable institutions (trade unions, employers’ associations, works councils and labour courts), enabling economic prosperity. The dual systems of centralised free collective bargaining and co-determination in the workplace served the German economy well throughout the post-war period. These systems have been supported, and to some extent contained, by legislative interventions on the adjudication of disputes and the requirement for trade unions to represent all workers, irrespective of membership. There has been a strong tradition of ‘social partnership’ and a remarkable record of peaceful industrial relations (Jacobi et al., 2001). Works councils, and their staff council equivalents in the public sector, are a central feature of the German system and have a wide remit over workplace conditions.

The German model has been criticised, however, on the grounds of suppression (through incorporation) of class conflict and, more pragmatically, on inflexibility. While radical reform of the industrial relations system in Germany is not expected, the pressures for flexibility are as evident as elsewhere in Europe. The appetite for privatisation has been limited (apart from wholesale privatisation in the former DDR), although it could be argued that what remains of the public sector is not easily privatisable. This would seem to imply that marketisation and the desire for flexibility are not necessarily causal. Other pressures have pushed Germany in this direction, in particular the difficulties arising out of the process of unification and the very high levels of unemployment. The influence of management practices in modern multinationals has also been important.

In terms of outcomes, Germany has seen an increase in levels of part-time work and in the use of temporary contracts. This does not necessarily imply precarious employment conditions (indeed, there is strong support for greater security), but rather an acceptance of increased dynamism in the labour market that both employers and employees are unaccustomed to. The commitment to job security by the social partners can be observed through the process of concession bargaining that has taken place in the private sector, where trade-offs on flexible working hours have been achieved through the overall reduction of working hours (often without full compensation) and guarantees of job continuity (although not necessarily the same job).

Impatience with centralised bargaining arrangements has occasionally been a feature of modern industrial relations in Germany. This has been most obviously manifest in the curious incidences of ‘wildcat cooperation’ (i.e. local agreements to undercut the terms and conditions agreed at industry/national level in an effort to maintain employment and gain competitive advantage). However, such tactics are generally frowned upon.

In public services, special industrial relations arrangements are in place and reflect what has been said about the stability of the German model. Employees are highly organised in trade unions and staff councils are strong. Strikes have been rare and where they have occurred they tend to be localised and ‘pinpointed’. The reasons for this are evident in the centralisation of bargaining over
the terms and conditions for the three categories of employees in the public sector — wage earners (Arbeiter), salaried (Angestellte) and ‘civil servants’ (Beamte). Any concession to one group of salaried workers would apply to all salaried workers, and so on. The Beamte are a special case in that their terms and conditions are fixed by government: they have no rights to collective bargaining and cannot strike. However, they have sufficient lobbying power to be able to achieve comparable wage and conditions settlements with other groups of public workers. They also have substantial protection in terms of job tenure and excellent pension arrangements. Sometimes this looks anachronistic during discussions about flexibility, but it has to be understood in the context of the historical development of the German public sector. The Beamte do swear allegiance to the constitution and are committed to life-long service.

Unification presented a major challenge to the German public sector. It had been heavily overmanned in the DDR and much of it needed to be remodelled to fit with the systems of the wider country. The reduction in staff needed was achieved gradually and with attention to the social consequences of layoffs. Substantial retraining was needed and it was necessary to harmonise pay and conditions. This was difficult to achieve given the inevitable inflationary pressures in local labour markets, but necessary to stem the exodus of skilled staff from the East. At present, public sector workers in the East earn about 10% less than their Western counterparts; this is expected to reach parity by 2007.

While most of the German industrial relations system, especially in the public sector, remains true to its historical principles, it can be said that practice is drifting towards private sector approaches. In 1997, there was reform of the law concerning the employment of state-level civil servants, legislating for the introduction of performance-based pay, flexible working hours, greater mobility and probationary periods for management grades (Hemerijck et al, 2002). Jacobi et al (2001) argue that the public sector is no longer considered the ‘model employer’ and that moves towards greater casualisation of the workforce exposed the sector to greater segmentation. Insiders still have considerable security in terms of salary and conditions, whereas outsiders have a more difficult time getting in and getting on. Very recent events, including a major public sector pay dispute, hint at the increasing destabilisation of industrial relations processes and institutions in Germany. This can be almost entirely attributed to the severe economic constraints facing the public sector and a number of local government organisations have attempted to withdraw from national framework agreements. Further proposed reforms include plans to cut fixed wage costs (German News, March 2003a) and the extended use of temporary contracts (German News, March 2003b). The results of the survey reflect the impact of these recent events on people’s perception of the quality of industrial relations (see Chapter 2).

Finland
Finland takes many characteristics from the Nordic model of industrial relations, with well-developed collective bargaining arrangements between employers and unions, and corporatist-style relationships with government. Bargaining has become increasingly localised, although broadened in scope. This degree of development has been facilitated by the high density of trade union membership. Public sector employers have also been highly organised. Workers’ rights to workplace participation are enshrined in Finnish law and include participation in areas that would normally be considered ‘managerial prerogative’, such as investment planning. The role of the trade unions in national policy formulation has also been significant, having negotiated with the
government over entry to EMU and in the process won 'buffer funds' to protect employment against exogenous shocks to the economy.

Pressure to change the industrial relations system has come from several angles. Firstly, the collapse of trade with the former Soviet Union led to devastating unemployment (over 20%). To recover from this, the Finnish economy had to reorientate itself in order to manage the expectations of Western customers and investors. In this process, privatisation of most of the state-owned enterprises was deemed essential and flexibility became a key objective. Secondly, through this process of reorientation, Finnish business became much more diverse and internationalised, and many of these rising organisations brought with them aspects of the new style human resources management designed to enhance competitive advantage (such as changes to work organisation, flexible pay and reward systems, TQM and an emphasis on investing in people). The use of temporary employment contracts has risen in all sectors (especially new contracts). There are concerns, however, that this increase in ‘precarious’ employment will destabilise what is otherwise an orderly pattern of industrial relations. Decentralised bargaining has become much more significant. Thirdly, entry to EMU required considerable ‘tightening of the belt’ in terms of public expenditure and wage restraint, and this has been achieved largely through concession bargaining and the use of social pacts.

While there has been a degree of decentralisation in Finnish industrial relations arrangements, this has occurred in a coordinated, rather than a haphazard way and industry-level agreements remain important. Lilja (2001) concludes that although employers might prefer more decentralisation, the legacy and impact of European influence is likely to result in the adoption of more consensus approaches. Collective bargaining takes place between central employers’ associations and trade unions, generating comprehensive incomes policy settlements. These are built upon and interpreted through bargaining between individual employers’ associations and trade unions. Further local bargaining takes place at enterprise- or workplace-level, where shop stewards have an important role (SAK, STTK, AKAVA, 2001). In the municipalities, collective agreements concluded at national level may be subject to further local negotiation on matters such as wages, salaries and forms of co-determination. The approach to co-determination in Finland is notably direct, encouraging discussions between individual personnel at workplace level (Commission for Local Authority Employers, 1998). The situation in the state sector can in this respect be seen as very consistent.

Recently, public sector reform in Finland has gathered pace. The creation of a new salary system and the implementation of state personnel policies have strongly influenced the nature of industrial relations. On top of public management reforms, the new salary system called for changes to the remuneration system, giving managers more power to support organisational and individual productivity (Saarinen, 2003). A model collective agreement negotiated between the State Employers’ Office and the central trade union organisations is followed as a basis for local level/state central level sectoral collective agreements on new salary systems. In the new salary system, individuals’ pay is based on the demands of the job and individual performance, although all of this is with agreement of the trade unions. Individual performance can account for up to 50% of total pay. The assessment of individual performance represents a major challenge for Finnish public sector managers, who are being supported by special training programmes.
Alongside this change to the salary system, the Finnish public sector has been radically slimmed down — by 45% since 1988. There are, however, increasing concerns that this may have gone too far: the age structure and number of new recruits to the public services are presenting problems of labour shortage that may be hard to resolve (Finnish Ministry of Finance, 2001).

Ireland

Historically, Ireland has displayed many characteristics of the Anglo-Saxon model of industrial relations — voluntarist, antagonistic, low levels of worker participation, strong dependence on industrial relations institutions and characterised by defensive restrictive practices and routines (Von Prondzynski, 2001). However, under pressure from repeated recessions, unemployment and changes in industrial structure, the coordinates of Irish industrial relations have shifted away from the Anglo-Saxon model towards an emphasis on cooperation, participation and partnership. Centralised coordination and collective bargaining remain, which can be partly explained by the geosocial conditions of Ireland where close and regular interaction between the social partners is relatively easy.

In achieving economic recovery, Ireland has engaged in a degree of privatisation and also attracted a significant amount of inward investment from hi-tech companies using green-field sites. Both actions have brought an emphasis on human resources management techniques to enhance competitive advantage. Again, we see flexibility high on the agenda, but also an increase in the level of job insecurity. Many of these new organisations would prefer decentralised bargaining, but the emphasis in national policy favours national agreements/social pacts between government and the social partners. Since 1987 there have been six such agreements, the most recent pact, entitled Sustaining Progress: Social Partnership Agreement 2003-2005, being an attempt to consolidate objectives focused on social inclusion, employment and competitiveness (Government of Ireland, 2003).

The Irish public sector has probably had the most difficult task in adjusting to the 'new economy'. Where disputes occur, they tend to flare up in public services and are often associated with pay constraints and demands for increased flexibility. The constraints on public sector expenditure, imposed by entry to EMU, compound the problem. In 2000, the Programme for Prosperity and Fairness was launched, providing for the establishment of a benchmarking body to examine pay and jobs in the public sector and across the economy with a view to aligning public service pay to the market. This was perhaps one of the most complex job evaluation exercises ever undertaken, and tough to negotiate, but it is increasingly characteristic of Irish industrial relations that the social partners are prepared to engage with each other to tackle the most difficult economic and social problems.

The benchmarking agreement, now enshrined in the 2003-2005 Sustaining Progress pact, awarded pay increases worth more than 8% to public sector workers, although these awards are dependent on the achievement of 'real and verifiable outputs from modernisation and flexibility changes', according to the Report of the Public Service Benchmarking Body (Government of Ireland, 2002). These 'outputs' refer to increases in efficiency, removal of demarcation lines, extended operating hours, more open recruitment policies, e-working and some degree of outsourcing. In return, there is commitment by government and employers to deepen and strengthen partnership arrangements, with a wide remit for employee participation in strategic decision-making (including the
management of change) and the development of innovative training and development policies. There has also been far-reaching legislation on equality and social inclusion.

It could be argued that Ireland offers a new model of industrial relations to Europe, based on partnership and consensus. However, as the results of the survey suggest, there is always a price to pay and it is questionable whether the ‘Celtic model’ can be generalised to economies with lower prospects for economic growth (see Chapter 2).

Italy
Italian industrial relations has been shaped by a long tradition of state intervention, including constitutional rights for individuals (such as the right to strike) and the enactment of legal norms and administrative procedures concerning the use of part-time and fixed-term contracts, overtime and redundancy. State intervention on incomes policy to control wage inflation has also been a feature, although tripartite consensus has always been required. An obvious contradiction in the Italian approach has been the level of state intervention combined with governmental weakness. As a result, it might be argued that adaptations to employment policy happen only incrementally and have required many reactive compromises in order to successfully navigate the plurality of interests that exist among the social partners (Regalia and Regini, 2001). The results of the survey suggest a degree of uncertainty about the future which fits with this analysis (see Chapter 2).

Control of wage inflation has been attempted through incomes policy and this necessitated abolition of the Scala mobile, a system of wage indexation. Such a major turnaround in wage protection had to be negotiated and in 1993 an important tripartite agreement on incomes policy and reform of the collective bargaining system was established. This degree of concertation among the Italian social partners gave some hopeful signs of economic and political stability. Since that time, the importance of decentralised collective bargaining has increased, yet there is still an appetite for government regulation, with many private sector employers advocating the use of incomes policy. While there is a desire for voluntarist-style industrial relations in the private sector, this is reinforced by formal institutional involvement of the social partners in the design and implementation of social policy and in the regulation of public sector employment. Regalia and Regini (2001) argue that this informality and institutionalism, a type of dualism, have given the Italian system a special flexibility, but at the same time the level of concertation may make it more predictable.

Recent reporting (EIRO, November 2001) suggests that there is a desire to move from concertation to social dialogue, i.e. to shift from a situation where all partners have to reach agreement to a position where the partners are consulted and involved but cannot veto the actions of government. ARAN, the public sector employers’ bargaining agency, can now validate agreements if signed by trade unions that represent 51% of the relevant workers. Contradictorily, there is also an expressed desire to define general objectives at central government level and leave to regional authorities the task of innovating and adapting labour regulations. This would imply the need for local negotiations.

In common with other EU Member States, Italy has experienced high levels of unemployment. This has been unevenly distributed between the north and south of the country, presenting some very serious problems of inequality. There is reported to be an extensive black economy that provides
day-to-day income, but deprives the country of tax receipts and contributes to the fragility of employment in the weaker local economies. To deal with this, the Italian government has developed a system where national framework agreements on pay may be interpreted as guidelines, which may be adapted to take into account productivity differences in local labour markets (EIRO, November 2001).

Public service provision is under great pressure in Italy. Having started from a relatively low base compared to other EU countries, it now has to contend with the spending limitations implied by membership of EMU. Flexible solutions, including the relaxation of regulations on fixed-term contracts, have been adopted pragmatically in the private sector, but there is less acceptance in the public sector. Prior to 1983, there had been no collective bargaining in public services; everything had been regulated by law. However, a new framework law in 1993 introduced formal collective bargaining alongside regulation. Regalia and Regini (2001) remark that the outcome was ‘an escalation of expectations and demands, an excessive increase in spending, dissatisfaction among public employees and the rebellion against the confederal unions among those groups most able to exert pressure’.

Public sector employees are heavily unionised and a force to be reckoned with in terms of strike potential. (There is some legal regulation of strikes in essential services.) Berlusconi’s proposed reforms (especially of pensions systems) sparked widespread protest and the original reforms were never implemented. In 1996, a pact to promote employment was agreed, to deal in particular with less developed areas of the country. This pact included reform of education and training, the promotion of temporary contract work and reductions in working time. This has recently been combined with efforts to guarantee employability rather than explicit job security in the public sector. None of this has been uncontentious.

Recently, CGIL, the largest Italian trade union confederation, presented several voter initiative bills to the Italian parliament. (Voter initiative bills are those independently brought forward with the support of a large number of citizens.) The aim of these bills includes reform of the employment protection system to give greater guarantees against unfair dismissal, acceleration of the arbitration process and the extension of rights for atypical workers (EIRO, April 2003b).

**Comparison of key indicators**

Here, comparative data is presented on key contextual factors in the five countries studied, including pay, labour costs, industrial action, unemployment and working hours.

Table 1, on the value of collectively agreed pay increases, needs to be carefully interpreted since it represents highly aggregated data. However, these are useful benchmarks against which to examine the value of recent public sector settlements. The Eurozone average for settlements was 3.5% in 2002. In most cases, collectively agreed pay increases have been moderate, with the exception of Ireland.

To obtain a truer picture of the impact of these settlements on employees’ purchasing power, it is necessary to adjust the increases for inflation. Small positive impacts were recorded in 2002 for Ireland (0.3%), Germany (1.4%) and Finland (0.3%). Italy, however, recorded a second successive
The quality of industrial relations in the European public sector

drop in purchasing power of -0.8 (which include employers’ social security contributions) have been increasing gradually since 2000, rising from an average of 3.2% to 3.6% at the end of 2002 (Eurostat, April 2003).

Table 1  Average collectively agreed pay increases, 2001-2002

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finland</td>
<td>2.3</td>
<td>3.3</td>
</tr>
<tr>
<td>France</td>
<td>–</td>
<td>3.9</td>
</tr>
<tr>
<td>Germany</td>
<td>2.7</td>
<td>2.1</td>
</tr>
<tr>
<td>Ireland</td>
<td>5.0</td>
<td>7.5</td>
</tr>
<tr>
<td>Italy</td>
<td>2.5</td>
<td>2.4</td>
</tr>
</tbody>
</table>

Source: EIRO (March 2003a)

Levels of industrial action, or work stoppages, may be considered an important indicator of the quality of industrial relations, although it might also be argued that some level of dispute is normal and to be expected. Overall, the amount of industrial action in the EU is historically low and the figures in Table 2 illustrate a relatively quiet spell. It should be noted, however, that ‘industrial action’ may be manifested in a number of ways short of strike (Hyman, 1989) and so this data does not monitor the total level of dispute activity. Germany stands out as the country with the least propensity to strike, although the period from November 2002 will show a different picture following a major dispute in the public sector. Italy experienced a significant rise in strike activity during 2002, mainly clustered in the transport, metal-working and banking sectors.

Table 2  Working days lost through industrial action, 1998-2001

<table>
<thead>
<tr>
<th>per 1,000 employees</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finland</td>
<td>60.0</td>
<td>8.0</td>
<td>109.0</td>
<td>26.0</td>
<td>50.8</td>
</tr>
<tr>
<td>France</td>
<td>23.0</td>
<td>38.0</td>
<td>54.0</td>
<td>34.0</td>
<td>37.3</td>
</tr>
<tr>
<td>Germany</td>
<td>0.6</td>
<td>2.6</td>
<td>0.4</td>
<td>0.9</td>
<td>1.1</td>
</tr>
<tr>
<td>Ireland</td>
<td>26.6</td>
<td>153.3</td>
<td>69.0</td>
<td>81.5</td>
<td>82.6</td>
</tr>
<tr>
<td>Italy</td>
<td>28.2</td>
<td>43.6</td>
<td>41.7</td>
<td>40.6</td>
<td>38.5</td>
</tr>
</tbody>
</table>

Source: EIRO (March 2003c)

It is often possible to identify a cyclical pattern in strike data following the sequence of bargaining rounds. This would explain the peak in Finland in 2000. Most work stoppages are ostensibly about pay, followed by job security issues (dismissals and redundancies). The public sector — especially education, health and social services — ranks among the most strike-prone industries, although strike activity is legally constrained in some essential services. Arbitration, conciliation and mediation facilities exist in each of the five countries and where data is available it would seem that conciliation is the preferred approach (EIRO, March 2003c).

In most of the countries studied, unemployment rates are higher than the Eurozone average (currently 8.7%) as shown in Table 3, with the exception of Ireland where remarkably low levels of unemployment have been experienced, generated by sustained economic growth and the
contribution of inward investment. This might imply that claims of labour shortage are being exaggerated. However, the coexistence of high levels of unemployment with skills shortages have been a persistent feature in European economies and it is the mismatch between the stock of skills and experience required in modern services and the supply of these skills in the future that is giving rise for concern.

Table 3 Unemployment rates, March 2001 – March 2003

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finland</td>
<td>9.1</td>
<td>9.2</td>
<td>9.2</td>
</tr>
<tr>
<td>France</td>
<td>9.1</td>
<td>8.6</td>
<td>8.5</td>
</tr>
<tr>
<td>Germany</td>
<td>8.9</td>
<td>8.0</td>
<td>7.7</td>
</tr>
<tr>
<td>Ireland</td>
<td>4.5</td>
<td>4.3</td>
<td>3.8</td>
</tr>
<tr>
<td>Italy</td>
<td>9.0*</td>
<td>9.0</td>
<td>9.6</td>
</tr>
</tbody>
</table>

* data for January 2003  
Note: Seasonally adjusted figures  
Source: Eurostat (March 2003)

As Table 4 shows, there has been little change in working hours in recent years, with the exception of France where the 35-hour week has been introduced by law. Civil service employees generally enjoy shorter working hours than the wider European workforce, with the exception of Germany. Indeed, civil service working hours in East Germany are recorded to be even higher, averaging 40 hours per week.

Table 4 Weekly working hours in 2002

<table>
<thead>
<tr>
<th></th>
<th>Average collectively agreed normal weekly working hours</th>
<th>Average collectively agreed normal weekly working hours in the central civil service</th>
<th>Statutory maximum weekly working hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finland</td>
<td>39.3</td>
<td>36.3*</td>
<td>40.0</td>
</tr>
<tr>
<td>France</td>
<td>35.7</td>
<td>35.0</td>
<td>48.0</td>
</tr>
<tr>
<td>Germany</td>
<td>37.7</td>
<td>38.5***</td>
<td>48.0</td>
</tr>
<tr>
<td>Ireland</td>
<td>39.0**</td>
<td>39.0</td>
<td>48.0</td>
</tr>
<tr>
<td>Italy</td>
<td>38.0</td>
<td>36.0</td>
<td>48.0</td>
</tr>
</tbody>
</table>

* data for 2000; ** data for 2001; *** data for West Germany  
Source: EIRO (March 2003b)
Background to survey

This chapter reports the results of a survey carried out among industrial relations experts drawn from the social partners in the local government sectors of Finland, Germany, Ireland and Italy. Initially it had been planned to include France in this survey but it was not possible to obtain responses from local government representatives in this country. The survey (see Appendix 2) was developed after a search of the literature and the reporting of that at a seminar with social partners held at the Foundation in Dublin in November 2002. From this, it emerged that there were several key themes worthy of further examination, namely:

- collective bargaining;
- pay;
- perceptions of the quality of industrial relations;
- equality and social inclusion;
- participation, dialogue and worker involvement;
- flexicurity;
- working hours and working time; and
- labour shortages.

Defining the public sector was a primary issue and, in the context of comparative research, one not easy to resolve. In many European countries, public services are supplied through subcontractors and many of these are in the private or voluntary sector. This applies to many areas of core public services, such as education, health, prison services and most of the utilities. One large group of employees stood out as definitely in public service and directly employed by government. These people were in the local government sector. While systems of local government differ markedly between countries, they have much in common in terms of constraints and imperatives.

For this reason, the survey was targeted at industrial relations experts in local government, including representatives from management, government, the trade unions and the international academy. The results of the survey have been circulated back to the experts involved, inviting further comment. The survey was translated into French, German and Italian, and the experts were invited to reply in their own language. Inevitably, some things translated imperfectly.

At the outset, there were two critical assumptions:

1. that high quality industrial relations will contribute to the delivery of high quality public services; and
2. that it is possible to benchmark the quality of industrial relations in a rational way.

Collective bargaining in 2002

The first part of the survey was intended to determine the scope and coverage of collective bargaining in 2002. In terms of scope, respondents were asked to assess a range of categories, from very basic terms and conditions (pay, bonuses, holidays, working hours) to sophisticated bargaining concerning equal opportunities and the management of change. These areas of bargaining have been found to be represented in collective agreements across both the public and
the private sector, although the depth of bargaining varies between topics and between organisations.

The categories were as follows:

- pay
- bonuses
- holidays
- working time
- job grading
- work organisation
- skills and training
- job security: (a) fixed-term contracts and (b) redundancies
- health and safety
- equality
- change management

In most cases, basic conditions of service (pay, bonuses, holidays) are the subject of collective bargaining. Broader issues touching on strategic choice, such as equality and change management, are either dealt with very locally or not at all. There is little evidence of partnership in the more strategic areas of work organisation.

The full results for Scope and coverage of collective bargaining in 2002 can be found in Tables A3.1 – A3.12 of Appendix 3. A summary of results is presented below.

**Bargaining over pay, bonuses, holidays and working time**

- Italy stands out in terms of centralised pay bargaining, closely followed by Germany with some multi-level coverage. Finland is the least centralised. There is no local workplace bargaining at all and this was to be expected.
- The results for bargaining over bonuses show diversity of practice, with multi-level coverage the norm and some evidence of workplace bargaining in Finland and Italy.
- In most cases, holiday entitlements are established at national level, with some multi-level coverage. In some cases, holiday entitlement is established in national laws in addition to European minima.
- The results for collective bargaining over working time (hours of work) show less evidence of centralisation and there is an amount of localised or multi-level bargaining taking place. This is perhaps one of the greatest sources of flexibility in local government employment.

**Bargaining over job grading, work organisation and training**

This grouping of bargaining topics reaches beyond basic conditions into more complex areas of negotiation concerning job grading, work organisation and skills formation. These are more likely to be topics for consultation than negotiation, although they remain central to the quality of the employment relationship at both individual and collective level.
Findings of the European survey

- In respect to the level and extent of bargaining concerning job grading, this refers to the pay scales that typically are used in local government employment and are often based on job evaluation studies. Multi-level coverage is dominant in Finland and Italy, although we see a degree of localisation in all countries. Job evaluation is a complex process, often conducted and implemented locally within national guidelines.

- Concerning the extent to which work organisation features on the collective bargaining agenda, this is not negotiated collectively at all in most cases. Where negotiation does occur, it tends to be localised. Here, we are referring to matters of staff deployment that are often considered to be a key area of managerial prerogative.

- Similarly, the results for coverage of bargaining over skills and training suggest very little activity. Again, as the issues become more individualised, the level and extent of bargaining decline.

Bargaining over job security
A critical area for public sector employers has been the achievement of greater flexibility in employment contracts. The use of fixed-term contracts has been a contentious issue in many countries where constitutional protections on job security had previously existed. In addition, managerial decisions on redundancies (unilateral dismissals) have also been regulated. It might be expected that such pressure for change, raising concerns about the security of employment in the public services, would bring these topics into the main bargaining arenas.

However, the results of the survey are scattered and seem to suggest that the issue of fixed-term contracts is not being approached strategically in the local government sector. National laws remain important in terms of protection against redundancies. Italy has the most centralised bargaining arrangements, whereas German respondents report no coverage in a lot of cases. This subject is worthy of further investigation.

Bargaining over health and safety
Most countries have some bargaining at national level on health and safety (or multi-level). Again, these results should be read in conjunction with national laws and European directives. It could be argued that health and safety is not really a matter for bargaining; it is rather an obligation and the only discussion to be had concerns local implementation and the role of representatives. The issue is relatively uncontentious, except in respect of rising concerns over psycho-social conditions such as workplace stress.

Bargaining over equality
The term 'equality' was broadly defined. In every case, national laws and European directives apply and this subject does not feature strongly on local bargaining agendas, except in Italy.

Bargaining over change management
Discussion of change management is perhaps the most complex and sophisticated area for bargaining. It is either highly localised or does not happen at all. Perhaps this represents the threshold of managerial prerogative.
Collective bargaining in 2007

This section of the survey asked respondents to look forward five years, to 2007, and to consider to what extent the scope and coverage of collective bargaining might alter. These responses are based upon the expert opinions of the respondents using the same categories referred to for 2002 above (see p. 22).

In almost every category, respondents felt that there would be an increase in localised bargaining or no change. Changes around negotiation of basic pay are not anticipated, although increased localisation of bargaining over bonuses and working time is expected (two of the main elements of employment flexibility). There are indications that ‘softer’ issues, such as change management, may become a feature of the bargaining agenda of local government employers.

The full results for **Scope and coverage of collective bargaining in 2007** can be found in Tables A4.1 – A4.12 of Appendix 4. A summary of results is presented below.

### Bargaining over pay, bonuses, holidays and working time

- The results for pay bargaining are conclusive overall. Although Finnish respondents expect pay bargaining to become more localised (this is a continuing trend), no change is anticipated in most cases. This is not unexpected given the size of the workforces concerned and the time that it would take to radically alter established systems of pay determination.

- However, respondents felt that bargaining over bonuses would become much more localised. This fits with expectations of increased flexibility in local government remuneration.

- Bargaining over holidays is likely to remain unchanged. This does not appear to be a contentious issue in local government employment.

- However, respondents do expect bargaining over working-time arrangements to become increasingly localised, especially so in Germany. This is a key area of flexibility for local government employers.

### Bargaining over job grading, work organisation and training

- Negotiation over job grading is likely to be unchanged or more localised. Germany and Italy, in particular, report greater localisation, again supporting the notion of a push for flexibility.

- Work organisation may increase in importance on local bargaining agendas in Italy and Ireland (where local partnership arrangements are important). However, in most cases, respondents did not feel that this would be central to collective bargaining agendas.

- Both Ireland and Italy expect to see more local bargaining over skills and training, but in most cases no change is anticipated. German respondents suggest that there will be no coverage; however, national laws apply to training in Germany and this may explain that result.

### Bargaining over job security

Despite the importance of increased contract flexibility, the results for bargaining over fixed-term contracts show a very scattered set of opinions. It is only in Ireland that more localised bargaining is expected over fixed-term contracts. The fact that many respondents expect to see no bargaining coverage of this issue is a cause for some concern given the potential for disputes in this area.
With the exception of Ireland, it is expected that bargaining over redundancy will remain unchanged, with national laws underpinning these types of decision. The scope for numerical flexibility here is really quite limited, although non-replacement of staff may become increasingly important as a method of rationalisation.

**Bargaining over health and safety**
Most countries expect no change in terms of health and safety coverage, although respondents do hint at greater localisation in each case. Compliance with EU directives is mandatory and there is no evidence of non-compliance in the local government sector of the countries surveyed.

**Bargaining over equality**
In terms of the extent to which respondents expect equality issues to become a more localised subject for bargaining, there is no expectation of change in the majority of cases. This is not a central issue for bargaining at all.

**Bargaining over change management**
Change management is not expected to come onto the bargaining agenda in most cases. Where discussed, it is expected to be more localised.

**Approaches to pay determination**
This part of the survey asked respondents to give their opinions on the importance of various approaches to pay determination in local government, ranging from performance-based pay to institutionalised seniority pay.

Table 5 demonstrates that pay for individual performance was considered important in almost all cases, particularly in Finland. This seems to indicate a move away from the ‘rate for the job’ approach most typical of public sector employment towards an approach based on incentives.

**Table 5 Importance of pay for individual performance**

<table>
<thead>
<tr>
<th></th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very important</td>
<td>57</td>
<td>33</td>
<td>50</td>
<td>43</td>
<td>44</td>
</tr>
<tr>
<td>Some importance</td>
<td>43</td>
<td>56</td>
<td>0</td>
<td>57</td>
<td>48</td>
</tr>
<tr>
<td>Not important</td>
<td>0</td>
<td>11</td>
<td>50</td>
<td>0</td>
<td>8</td>
</tr>
</tbody>
</table>

Recognising that it may be difficult to measure individual performance, respondents were asked to give their opinion on the importance of pay for group performance in local government. Table 6 shows that, again, this approach to pay determination based on performance was at least of some importance, particularly so in Finland.
Job-evaluated approaches to pay determination have typically been used in local government services (based on comparable skills and competencies). Job evaluation results in the agreement of pay spines, where each job can be graded and compared to another. While these are difficult to get right, Table 7 clearly shows that job evaluations remain important in local government employment.

Table 7 Importance of job-evaluated pay

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very important</td>
<td>71</td>
<td>33</td>
<td>0</td>
<td>57</td>
<td>46</td>
</tr>
<tr>
<td>Some importance</td>
<td>29</td>
<td>33</td>
<td>100</td>
<td>43</td>
<td>42.5</td>
</tr>
<tr>
<td>Not important</td>
<td>0</td>
<td>33</td>
<td>0</td>
<td>0</td>
<td>11.5</td>
</tr>
</tbody>
</table>

Table 8 shows the extent to which seniority pay remains important in local government employment. (Seniority pay refers to the incremental increase in salary awarded to long-serving employees, usually subject to some upper limit.) The rationale for this type of pay system is to retain experienced employees and facilitate the development of newer employees. The results show that seniority pay remains important in all countries (except Italy). This may be considered a source of inflexibility, but there are arguments to the contrary.

Table 8 Importance of seniority pay

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very important</td>
<td>43</td>
<td>22</td>
<td>33</td>
<td>29</td>
<td>31</td>
</tr>
<tr>
<td>Some importance</td>
<td>43</td>
<td>44</td>
<td>67</td>
<td>14</td>
<td>38</td>
</tr>
<tr>
<td>Not important</td>
<td>14</td>
<td>33</td>
<td>0</td>
<td>57</td>
<td>31</td>
</tr>
</tbody>
</table>

Anticipated changes in pay determination by 2007

FINLAND

Finnish commentators are anticipating an increase in performance-based pay and increased localisation of pay bargaining over the next five years, by 2007. A new salary system has recently been introduced in the Finnish public sector that places emphasis on the assessment of difficulty of work. The following is a summary of the various views emerging from the survey:

**State employer view**
- competence and skills will be seen as more important;
- group- and organisation-based remuneration systems are achieving more interest;
- more focus on gain and profit-sharing.
**Trade union view**
- local agreements will increase in the future;
- the assessment of the level of difficulty of work will weigh more in pay determination;
- achievement (performance at work) will become more rewarded;
- loyalty towards the employer (experience-related pay) will decrease in future;
- more at local level;
- increasing consideration of individuality;
- expansion of the system assessing the level of difficulty of work.

**Government view**
- the new salary system will be created and thus pay based on job evaluation and individual performance will increase;
- result-based rewards will emerge more widely;
- the use of personnel funds in individual workplaces will increase;
- local agreements, not necessarily with collective agreements, on working hours will increase.

**Academic view**
- the country will eventually get rid of the strict pay structures connected to ‘position titles’.
  Often the titles of positions and jobs are changed in order to increase pay.

**GERMANY**

German respondents hint at an expected increase in performance-based pay and anticipate reform and simplification of complex pay scales. The use of a ‘variable’ proportion of pay is likely to be more significant in senior/managerial grades. The following is a summary of the various views emerging from the survey:

**Employer view**
- introduction of the possibility of an effective payment.

**Trade union view**
- simplification of the classification/job evaluation;
- remuneration packages;
- achievement remuneration for high-level personnel;
- group bonuses;
- section/regional differences;
- conduct agreements;
- standardisation of the pay scale;
- status of civil servants’ rights in terms of changes.

**Academic view**
- probably the very seniority-oriented pay system will change more to performance-related pay.

**Other views**
- expect a remuneration system that sets more on the promotion of achievement and motivation. Also, it needs a framework function for the public service, the abolition of age and family status related components, as well as acknowledgement of professional
experience. Also, the complex extra pay system should be reformed and/or abolished completely.

- income should consist of a base pay and a variable achievement bonus; the higher up the hierarchical level, the greater the variable portion.

IRELAND

Irish respondents suggest a shift in emphasis towards performance measurement, although not necessarily at individual level. The endurance of centralised bargaining is remarked upon and the importance of the partnership approach is commended. The recent benchmarking agreements will have a significant influence on public/private sector pay parity. The following is a summary of the various views emerging from the survey:

Employer view

- targets set out in Operations Plans will have to be achieved;
- no change anticipated; impending performance management development system may alter this.

Academic view

- this issue is currently being addressed in Ireland. Until relatively recently, actual pay levels were governed by national pay agreements, up to and including the social pact of Partnership 2000. These involved centralised bargaining, a strong role for the social partners (particularly employer and trade union bodies) and agreed annual percentage pay increases, with added ‘local bargaining’ provisions. However, it is widely recognised that the latter remains very limited.

- the role of partnerships has been broadly successful and many wish to see this approach further developed and enhanced. However, at the same time, there is a recognition that a re-examination of pay bargaining and determination needs to take place.

- new processes of pay determination are currently being discussed, which allow for a more flexible and decentralised system. However, these processes must be integral to the wider process of public service reform, initiated under the Strategic Management initiative, including the objective of relating public service pay more closely to the overall performance and productivity of the public service.

- local performance will be ‘measured’ through benchmarking activities.

ITALY

Italian respondents suggest that there will be increasing interest in performance-related pay and while this is contentious, the scope for localised bargaining may help to overcome resistance. The following is a summary of the various views emerging from the survey:

Government view

- local government is asking for an increase in the resources allocated to payment for performance (individual or group performance). As a consequence, the importance of these approaches could increase in the future. Trade unions are usually against an increase in the importance of performance-related pay. This opposition can be overcome if the room to negotiate for pay increases in local-level bargaining.
Academic view

- Pay for individual performance and job-evaluated grading is of some importance only for a few high-level employees with special organisational responsibilities. Group-based pay is very important, but is only a small part of compensation (maybe 1/20). Seniority pay has been unimportant since the early 1990s; it still has some importance in the career system (promotions).

- It is difficult to anticipate changes by 2007. In the next bargaining round, which is now underway covering the years 2002-2005, things should not change. But in October 2001, a ‘regionalistic’ constitutional reform was approved that could transfer many public sector employment relations issues to regional and municipal level. In this case, most items in terms of the scope of collective bargaining would move to a more localised level. Uncertainty at present is very high.

- For the next four years, there should not be radical changes. After that, it depends on the evolution and implementation of the constitutional reforms.

Summary

To summarise on approaches to pay determination, respondents felt that performance-based pay was important in local government employment at both individual and group level. However, vestiges of existing payment systems, such as seniority pay, are enduring features. This does appear to be an area of tension in public sector pay strategy. In terms of anticipated change, all countries report an expectation that performance-based pay will become more significant and there appears to be some appetite for increased localisation. Finland has already begun to develop this process strategically with the introduction of a new salary system. Ireland has recently concluded an important set of agreements on benchmarking public sector pay to private sector comparators. In all countries, however, the success of localised bargaining is likely to be constrained without significant reform of the way in which public sector finances are allocated and managed.

Dispute management

Considered to be an important indicator of the quality of industrial relations, this section of the survey asked respondents for their opinions on the nature of anticipated areas of future industrial disputes in four categories — pay, hours, job security and work organisation. The term ‘dispute’ was used quite deliberately and does not necessarily mean ‘strike’.

Table 9 shows unequivocally that respondents expect to see more pay disputes in the next five years. This is not unexpected given the financial pressures on the local government sector.

Table 9 Pay as an anticipated area of dispute in the next five years

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>More likely</td>
<td>86</td>
<td>67</td>
<td>67</td>
<td>57</td>
<td>69</td>
</tr>
<tr>
<td>No change</td>
<td>14</td>
<td>0</td>
<td>0</td>
<td>29</td>
<td>11.5</td>
</tr>
<tr>
<td>Less likely</td>
<td>0</td>
<td>33</td>
<td>33</td>
<td>14</td>
<td>19.5</td>
</tr>
</tbody>
</table>
Table 10 shows that working hours appear to be less contentious, with the notable exception of Germany.

Table 10 Working hours as an anticipated area of dispute in the next five years

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>More likely</td>
<td>14</td>
<td>78</td>
<td>33</td>
<td>29</td>
<td>42</td>
</tr>
<tr>
<td>No change</td>
<td>86</td>
<td>22</td>
<td>67</td>
<td>29</td>
<td>46</td>
</tr>
<tr>
<td>Less likely</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Job security is clearly a major area for potential disputes, as seen in Table 11. This is especially the case in Germany and Italy, where there appears to be a great deal of pessimism about the prospects for local government employees.

Table 11 Job security as an anticipated area of dispute in the next five years

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>More likely</td>
<td>43</td>
<td>89</td>
<td>33</td>
<td>72</td>
<td>65</td>
</tr>
<tr>
<td>No change</td>
<td>57</td>
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<td>67</td>
<td>28</td>
<td>31</td>
</tr>
<tr>
<td>Less likely</td>
<td>0</td>
<td>11</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
</tbody>
</table>

Table 12 suggests that, on balance, disputes over work organisation are more likely. This will be associated with pressure to improve functional flexibility in local government organisations.

Table 12 Work organisation as an anticipated area of dispute in the next five years

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>More likely</td>
<td>57</td>
<td>44</td>
<td>33</td>
<td>57</td>
<td>50</td>
</tr>
<tr>
<td>No change</td>
<td>29</td>
<td>22</td>
<td>67</td>
<td>29</td>
<td>31</td>
</tr>
<tr>
<td>Less likely</td>
<td>14</td>
<td>33</td>
<td>0</td>
<td>14</td>
<td>19</td>
</tr>
</tbody>
</table>

**Anticipated changes in dispute resolution in the future**

**FINLAND**

Finnish commentators make strong references to the development and implementation of the new salary system, which will increase the transparency of pay differentials. This has the potential to increase the level of disputes as groups of employees draw comparisons with each other. There is some concern that the determination to reduce the use of fixed-term contracts may also be an area of potential dispute. Legal regulation and formal conciliation processes cover the management of disputes and it is expected that these will endure, although localised bargaining may put greater pressure on the conciliation services. The following is a summary of the various views emerging from the survey:

*State employer view*

- industrial disputes concerning work organisation are legally forbidden in the municipal sector in Finland.
Trade union view
- local bargaining/mediation will increase for disputes since there are an increasing number of local agreements between employers and employees;
- no significant changes expected.

Government view
- new salary system to increase transparency in salaries and thus also create opportunities to compare salary levels that may lead to complaints and disputes;
- the aim is to reduce the use of fixed-term contracts in the state sector, but if this does not happen, disputes may occur more frequently because the issue has been strongly and generally criticised by trade unions;
- disputes over work organisation will be more likely because of the increased need for flexibility;
- disputes will be resolved according to and along with the negotiation procedure established and specified in central-level main collective agreement;
- disputes will be resolved according to and along with the consultation procedure (consultative bodies with mutual representation at workplaces) established and specified in central-level sectoral collective agreements (by SCAB) on new salary system;
- note the specific legislation-based conciliation procedure conducted by the conciliator general concerning strikes.

Academic view
- by more and more cooperative practices connected to the development issues of the municipal sector.

GERMANY
German respondents show concern about local government employers breaking away from the framework and general wages agreements. This has been a most contentious issue in recent months and has greatly exercised the social partners; it is attributable to the crisis in German public sector expenditure. There is reference to the weakened ability of some groups of workers to defend their conditions of service as a result of the separation of different agencies into smaller units and, in some cases, subcontracting to private enterprise. The following is a summary of the various views emerging from the survey:

Employer view
- exit from the framework and general wages agreements by employers and withdrawal from employers’ associations.

Trade union view
- concretising/procedure suggestions on operational level;
- problem of weakened combat capability by creation of different agencies and separating enterprises, e.g. OEPNV, refuse, etc.
- exit from the framework and general wages agreements contracts by employers.
The quality of industrial relations in the European public sector

Academic view
- lack of money forces local government to act (although there is doubt that the way in which it is done is solving the problem).

Other views
- concession bargaining and collective bargaining procedures are already a component of wage bargaining and/or come into the context of autonomous bargaining; to that extent, there are no changes expected or necessary.

IRELAND
The Irish experts are reasonably confident that the continuing development of partnership arrangements will be of value in dispute management, alongside arbitration facilities. The following is a summary of the various views emerging from the survey:

Employer view
- workplace partnership may become a tool to be used to avert potential disputes.

Academic view
- there will probably be an increase in the use of arbitration to settle disputes.

ITALY
Italian commentators suggest that the localisation of bargaining will be important in terms of managing disputes. Interestingly, there appears to be some difficulty in distinguishing between managerial and union responsibilities: at local level, this might happen where administrative staff have some managerial responsibility but are also staff representatives. The following is a summary of the various views emerging from the survey:

Government view
- with regard to salaries, a possible solution could be more bargaining concessions if local government has stronger autonomy in finding and allocating resources.

Academic view
- at present there is a low level of disputes in local-level negotiations, but relations may be highly normative/bureaucratic ones. In terms of the degree of consensus, there is often a sort of continuous cession at local level, with no clear distinction of responsibilities between unions and management.
- there will probably be no visible change in the short to medium term. At local, individual level, one of the problems is that of the regulation of the employment relationship, without a clear distinction of responsibilities between management, on one side, and unions, on the other. One of the goals of labour has been to obtain this distinction and also to increase the responsibility of managers in personnel and industrial relations issues.

Summary
To summarise on dispute management, survey respondents show a degree of pessimism concerning the probability of disputes in the future. Pay and job security are the greatest concerns, but working time in Germany is also clearly a contentious issue.
In most cases, existing arrangements for conciliation and arbitration are expected to endure and legal limitation of disputes in essential services exists in most countries to varying extents. The localisation of bargaining is expected to increase the potential for disputes, although their spread will be localised. In the case of Germany, there is concern that the breaking-up of local government workforces may reduce the ability of workers to defend their conditions of service. Ireland holds out hope for enduring partnership arrangements, together with more traditional arbitration processes.

**Perceptions of the quality of industrial relations**

Respondents were asked their opinion on the quality of industrial relations in their country's local government sector. Clearly, this is a highly subjective question and responses are likely to have been influenced by recent events and experiences. There is no agreement on what constitutes 'high quality' industrial relations, but the following categories were suggested as important:

- the scope of bargaining;
- the level of worker involvement;
- the level of disputes (note, not 'strikes');
- the durability of agreements;
- the quality of working lives;
- the degree of consensus.

To a large extent, these constitute key benchmarks in the quality of industrial relations in terms of processes and outcomes.

Table 13 shows that most countries were confident that the scope of bargaining was good. However, there appears to be a problem in Germany where there is clear dissatisfaction with the scope of bargaining.

**Table 13  Scope of bargaining as a perception of quality of industrial relations**

<table>
<thead>
<tr>
<th></th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Finland</td>
</tr>
<tr>
<td>High quality</td>
<td>43</td>
</tr>
<tr>
<td>Neutral</td>
<td>14</td>
</tr>
<tr>
<td>Low quality</td>
<td>43</td>
</tr>
</tbody>
</table>

The results on worker involvement are scattered, as seen in Table 14, with no apparent pattern in any country. Different systems (e.g. works councils) apply in each country and the effectiveness of these is explored below (see p. 45).

**Table 14  Level of worker involvement as a perception of quality of industrial relations**

<table>
<thead>
<tr>
<th></th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Finland</td>
</tr>
<tr>
<td>High quality</td>
<td>43</td>
</tr>
<tr>
<td>Neutral</td>
<td>28</td>
</tr>
<tr>
<td>Low quality</td>
<td>29</td>
</tr>
</tbody>
</table>
Table 15 again shows a scattered set of results. The level of disputes is not giving great cause for concern in any country. German respondents are reporting high quality in this respect (although this needs close interpretation: low number of disputes but how much damage?).

Table 15  Level of disputes as a perception of quality of industrial relations

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>High quality</td>
<td>29</td>
<td>67</td>
<td>33</td>
<td>14</td>
<td>38.5</td>
</tr>
<tr>
<td>Neutral</td>
<td>71</td>
<td>22</td>
<td>33</td>
<td>71</td>
<td>50</td>
</tr>
<tr>
<td>Low quality</td>
<td>0</td>
<td>11</td>
<td>33</td>
<td>14</td>
<td>11.5</td>
</tr>
</tbody>
</table>

On the durability of agreements, Table 16 shows a general consensus that these are lasting and do not suffer the fragility of some private sector arrangements. Typically, these agreements will be drawn up for at least 12 months, often longer, and some are binding in law. There is some pessimism from Italy concerning the durability of agreements, which may be due to a general level of uncertainty about the economic situation.

Table 16  Lasting agreements as a perception of quality of industrial relations

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>High quality</td>
<td>71</td>
<td>67</td>
<td>33</td>
<td>43</td>
<td>58</td>
</tr>
<tr>
<td>Neutral</td>
<td>29</td>
<td>22</td>
<td>33</td>
<td>14</td>
<td>23</td>
</tr>
<tr>
<td>Low quality</td>
<td>0</td>
<td>11</td>
<td>33</td>
<td>43</td>
<td>19</td>
</tr>
</tbody>
</table>

On the quality of working lives — a highly metaphysical concept but nonetheless important — respondents are split on this question. Table 17 shows that Ireland, with its history of partnership, is most optimistic, while Germany, with its recent history of disputes, is most pessimistic. This goes some way to demonstrate that perceptions of the quality of industrial relations very much depend on the situation in which the actors find themselves in recent times.

Table 17  Quality of working lives as a perception of quality of industrial relations

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>High quality</td>
<td>29</td>
<td>33</td>
<td>67</td>
<td>14</td>
<td>31</td>
</tr>
<tr>
<td>Neutral</td>
<td>42</td>
<td>11</td>
<td>0</td>
<td>72</td>
<td>35</td>
</tr>
<tr>
<td>Low quality</td>
<td>29</td>
<td>44</td>
<td>33</td>
<td>14</td>
<td>34</td>
</tr>
</tbody>
</table>

Related to the level of disputes, the degree of consensus between employers’ and employees’ representatives seems to be a critical dimension of the quality of industrial relations. As Table 18 shows, no change is the main response, although Italy and Finland seem more confident about their ability to maintain high quality consensus.
Finally, respondents were asked to state whether they felt that the quality of industrial relations will alter in the next five years. Will it improve, not change or deteriorate? Table 19 shows that only Germany anticipates a deterioration, while Finnish respondents are very confident of improvement. As seen in Table 20, a breakdown by the status of respondent does not show any particular difference between the opinions of the social partners on this matter.

### Table 18  Degree of consensus as a perception of quality of industrial relations

<table>
<thead>
<tr>
<th></th>
<th>% of respondents</th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>High quality</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>38.5</td>
</tr>
<tr>
<td></td>
<td>Finland</td>
<td>57</td>
<td>11</td>
<td>33</td>
<td>57</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Germany</td>
<td>11</td>
<td>67</td>
<td>67</td>
<td>43</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ireland</td>
<td>33</td>
<td>67</td>
<td>43</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Italy</td>
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<td>50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Neutral</td>
<td></td>
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</tr>
</tbody>
</table>

### Table 19  Will the quality of industrial relations change in the next five years?

<table>
<thead>
<tr>
<th></th>
<th>% of respondents</th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
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</thead>
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<td></td>
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<td></td>
<td>Germany</td>
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<td>33</td>
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<td>Finland</td>
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<td>33</td>
<td>100</td>
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</tr>
<tr>
<td></td>
<td>Germany</td>
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<td>67</td>
<td>67</td>
<td>43</td>
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</tr>
<tr>
<td></td>
<td>Ireland</td>
<td>100</td>
<td>67</td>
<td>67</td>
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<tr>
<td></td>
<td>Ireland</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Italy</td>
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</tr>
</tbody>
</table>

### Table 20  Will the quality of industrial relations change in the next five years?  
*According to status of respondent*

<table>
<thead>
<tr>
<th></th>
<th>% of respondents</th>
<th>Union</th>
<th>Manager</th>
<th>Government</th>
<th>Academic</th>
<th>Other</th>
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<tr>
<td>Improve</td>
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<tr>
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<td>50</td>
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<tr>
<td>Deteriorate</td>
<td></td>
<td>20</td>
<td>20</td>
<td>0</td>
<td>20</td>
<td>50</td>
</tr>
</tbody>
</table>

### Anticipated changes in quality of industrial relations over next five years

**FINLAND**

Finnish respondents are generally agreed that the quality of industrial relations will improve over the next five years. There are some strong suggestions that the quality of the negotiators (employers and unions) is important. Reference to polarisation is of concern, suggesting that some groups of workers may be faring better than others in a localised bargaining approach. However, there does seem to be genuine agreement among the social partners concerning the desire for employee development, enrichment of working lives and high levels of cooperation. The following is a summary of the various views emerging from the survey:

- **No change:**
  - polarised development in the municipal sector;
  - financial constraint;
  - lacking HRM resources.
The quality of industrial relations in the European public sector

Improve:

Government view
- negotiations on a new salary system enhance and give preparedness for contracting and negotiating to (local) labour market parties. If and when conducted properly, they also provide for mutual trust between the employer and employees, and employees' representatives/trade unions;
- the proper functioning of a new salary system necessitates good industrial relations and negotiation practices, as well as viable and active exchange of information;
- systems also need to be developed;
- the implementation of government's decision in principle on state personnel policy line and application of personnel policy projects derived from it in local administrations (which more or less increase, for example, moving to a safer and more equal service relationship). All this is linked with the increased competition for labour, which leads to the need for the state to be an exemplary and attractive employer;
- implementation of the management development strategy 2002-2012 to improve personnel and people management, which will then improve industrial relations.

Trade union view
- employer representatives are more educated/trained and skilled;
- financial resources have been allocated for the improvement of working lives;
- Finland is still highly unionised; the trade union movement is changing its mode of action in that it will participate in local improvement programmes as a developer;
- the attitude of employers has to change towards a more cooperative approach.

Academic view
- in the case of Finland, there are great differences in the atmosphere between the various service sectors. The quality of working life is declining in the health sector, for example, but is quite good in the education sector. Also, the quality of working life is going through a polarisation process where lines are being drawn between ‘rich’ and ‘poor’.

GERMANY
Real pessimism is expressed from all quarters in Germany. There is reference to tremendous financial pressures and a deterioration in the economic situation. Worries about job losses are easy to detect, together with concerns about work intensification and increased levels of workplace stress. The following is a summary of the various views emerging from the survey:

Improve:

Trade union view
- improved public finances;
- development of qualification systems;
- stabilisation of individual decision authority.
No change:

Academic view
- while the last 12 years have seen lots of changes, significantly involving a reduction in the public sector (in terms of manpower), the union (ver.di) and works councils slightly improved their position. But the problems and pressures are so great that the position of the local level itself will be weakened.

Deteriorate:

Employer view
- the scarceness of financial resources will lead to further personnel reductions, outsourcing, work time, etc. These developments cannot be in the interests of the trade unions and works councils.

Trade union view
- deterioration in basic economic conditions in the municipalities;
- financial clearance becomes smaller. Constant reduction of personnel leaves a mark and contributes to further discontent.

Other views
- under continuously rising cost pressures, public employers will in future not be able to convert the requirements of participation to a modern administration. Thus, further degradation of conditions of work are to be expected for employees (such as work intensification, time stress). Industrial relations will not remain unaffected.

IRELAND

Again, the importance of the partnership approach in Ireland is highlighted. The notion of ‘buy-in’ to a reform agenda is of particular significance and the Irish partners have shown a willingness to engage in complex negotiations that may well serve as a model for consensual decision-making. This is not without risks, however, and the idea of performance-based pay is regarded as potentially divisive. The following is a summary of the various views emerging from the survey:

Employer view
- move towards more consensual decision-making, with workers taking more ownership and management conceding more decision-making.

Academic view
- the use of benchmarking and other activities such as performance management systems (especially linking pay to performance) to improve the quality of the service delivered could be divisive unless handled very sensitively;
- the partnership agreements generally tend to be quite effective and are useful in ensuring ‘buy-in’ for the reform agenda.

ITALY

Italian commentators make a very valid point — improvement in the quality of industrial relations from whose perspective? The need for social approval of change is mentioned and the importance of reform in terms of the management of expenditure at local level is emphasised. The following is a summary of the various views emerging from the survey:
The quality of industrial relations in the European public sector

Government view
- the stronger autonomy of local government and the increase in its functions (decentralisation of activities) could cause a higher and stronger involvement of the trade unions because of the necessity to gain social approval in a period of great change.

Academic view
- significant changes in local-level industrial relations (improvements depend on what is meant by this term and for whom: employers?) would probably be brought about by radical reform in the financial responsibility of the individual administrative units and managers. This could be connected with the previously mentioned constitutional reform in a regionalistic direction (see p. 29), but developments are still very uncertain and unpredictable.

Changes that would bring about the most significant improvements in the quality of industrial relations

FINLAND
The Finnish partners have many suggestions for improving the quality of industrial relations. These include improving the training of local negotiators, reaching flexibility agreements, clarifying policy and procedure over local negotiations and dealing with ageism in local government employment. The following is a summary of the various views emerging from the survey:

State employer view
- research-assisted working life improvement in networks;
- radical improvement of strategic HRM;
- participation by trade unions, their representatives and all employees.

Trade union view
- training of employer representatives;
- change of the demographic structure of labour, the supply of labour in the future (labour shortages are already a problem in some areas in the public health service);
- ensuring that ageing workers are coping, supporting them in terms of workload, working hours and level of pay;
- tripartite regulation and the different parties within the labour market cooperating in the development of agreements in line with changes in working lives.

Government view
- to negotiate and cooperate fully on the need for flexibility, especially on working hours;
- the organisation of work and working hours to some extent also calls for collective negotiation, not necessarily with collective agreements, and individual agreements;
- parties in the state sector agree for an ongoing contract period to clarify the status of cooperation procedures in local government workplaces and on making proposals for improving them.
**Academic view**
- bargaining partners should learn to make working applications between centralised and localised bargaining.

**GERMANY**
German experts hint at the need for greater participation by local government stakeholders and the need for training to support this involvement. There is clear concern about the perceived ‘fairness’ of payment and suggestions that the current financial management arrangements may be constraining change in this respect. The following is a summary of the various views emerging from the survey:

**Employer view**
- qualification of personnel in the context of employee development and integration of co-workers in the processes and delegation of responsibility;
- effective payment.

**Trade union view**
- qualifications leading to a larger share of decision-making, creating motivation;
- more work time flexibility for employees;
- improved income situation;
- improvement of the quality of high-level personnel and the dismantling of hierarchies;
- greater shareholding by employees, more responsibility at the co-worker level;
- fairer payment;
- bringing about changes in those with political responsibility.

**Academic view**
- structural change of the financial system (local government gets more and more to do, but less money to do it). This is also a problem for industrial relations itself.

**Other views**
- the clear will of local policy-makers and administrative managers to be participation-oriented, thus including employees and their representatives (works councils and trade unions), in order to develop a modern citizen-oriented administration according to modern methods (human resources development, citizen participation, modern financial systems, etc).

**IRELAND**
From Ireland, partnership arrangements are again thrown into high relief. This does appear to be a policy that has high levels of commitment from all social partners, but in terms of implementation it is not unproblematic. The following is a summary of the various views emerging from the survey:

**Academic view**
- the equality legislation and the partnership agreements, once they are fully embedded and placed within the context of wider public sector reform, have the potential to improve relationships. However, some very difficult issues still have to be addressed in relation to performance management.
Constraints that might prevent improvement in the quality of industrial relations

FINLAND
Finland respondents are clear on their opinions about constraints for improvement in the quality of industrial relations in the future. There is concern about old-fashioned attitudes and a lack of appreciation of modern human resources approaches, accompanied by lack of trust and unwillingness to change. The historical problems associated with the 1990s’ depression are cited as reasons for uncertainty about the strength of the economy and its ability to support reform and development of public services. The following is a summary of the various views emerging from the survey:

State employer view
- old-fashioned trade union practices and policies;
- employers underestimating the significance of municipal high-productive HRM;
- lack of juridical mechanisms for local HRM agreements.

Trade union view
- weak economic situation.

Government view
- lack of expertise, human resources management, mutual trust, support from central level on both sides, and required information, together with unwillingness of trade unions to decentralise decision-making.

Academic view
- the worst that could happen is a new severe depression. Industrial relations still suffer from the drastic changes in atmosphere since the early 1990s, when there were plans to dismantle the welfare state and municipal services were under threat of outsourcing and privatisation.

GERMANY
German commentators suggest a variety of constraints that might impede improvement in the quality of industrial relations in the future. Certainly, concerns about privatisation/deregulation feature alongside pressure to reduce staffing levels. The need for reform of public sector expenditure is mentioned again. The following is a summary of the various views:

Employer view
- obligation to save money on staff;
- personnel reductions.

Trade union view
- deregulation;
- competition;
- neo-liberalism.

Academic view
- lack of structural change of the financial system.
Other views

- privatisation;
- disregard of legal participation obligations on the part of the employers;
- conditions of work.

IRELAND

Despite previous confidence in the continuing development of partnership arrangements, the Irish commentators suggest that there is a degree of fragility about these arrangements. That ‘very good intentions’ can be misconstrued is not untypical in local industrial relations and suggests that the level of trust-building may need closer attention. The following is a summary of the various views emerging from the survey:

Employer view

- lack of trust and commitment on both sides.

Academic view

- given the nature of the reforming agenda, changes (often radical) are commonplace in the public sector. However, there does seem to be a distinct lack of experience and expertise in adopting these ‘new ways of working’ at all levels (from senior management to customer-facing employees). Despite a genuine enthusiasm for some of the changes, this cannot make up for the lack of experience. As a result, some ‘initiatives’ introduced at local level with good intentions can be misconstrued. Maintaining both the enthusiasm and the trust of everyone involved will be crucial. Social partnership may not be as widely accepted in some parts of the public sector.

ITALY

Italian commentators refer to one constraint only in this context.

Government view

- the financial and economic obligations (limitations) imposed by the European Union (EMU constraints).

Contentious issues currently in local government industrial relations

FINLAND

A diverse set of results was obtained from Finland. Salaries are clearly contentious and the recently introduced new salary system will take time to be understood by those affected. Reference to the decentralisation of state administrative units is also significant for the potential impact on job security. The following is a summary of the various views emerging from the survey:

Trade union view

- recruitment;
- job security;
- labour shortages;
- participation and influence of the personnel and their representatives are not considered an asset and they are not considered as equal parties by all the local authorities’ employers;
- adoption of the requirements under the new health and safety legislation.
The quality of industrial relations in the European public sector

**Government view**
- salary systems potentially because of their critical importance and weight in industrial relations at the present time;
- government’s plans on physically decentralising state administrative units.

**Academic view**
- the low salary level of nurses; also, the low salary levels of all municipal employees when compared to private sector employees.

**GERMANY**
German commentators cite many contentious issues. These include concerns about job security, salary degradation, work intensification and pensions issues. Indeed, it would be difficult to find an economy where the public sector is more embattled than in Germany at present and this would easily explain the great concerns expressed here. The following is a summary of the various views emerging from the survey:

**Employer view**
- outsourcing of public services;
- productivity increases with the public sector;
- working time;
- fixed-term (temporary) contracts.

**Trade union view**
- sectoral collective agreements (uncoupling of enterprises) capable of taking industrial action;
- regional mismatches, East – West differentiation, introduction of the old-age pension;
- financial crisis;
- productivity-oriented wage development in other industries (in particular manufacturing);
- loss of real wages;
- work intensification;
- privatisation;
- exit from collective agreements;
- personnel reduction.

**Academic view**
- lack of money is a great problem and negotiations about pay and working time are contentious.

**Other views**
- conditions of work;
- precaution for old-age pension schemes;
- local competition.

**IRELAND**
As expected, concerns expressed from Ireland relate to job grading and the potential link to performance, which is potentially disputatious. The following is a summary of the various views emerging from the survey:
Employer view
- no great contention; perhaps differentials in pay areas.

Academic view
- performance management, in particular linking pay to performance; discussions about moving away from job grades.

ITALY
In Italy, reform of the job classification system is probably the most contentious issue at present. The approach can broadly be defined as streamlining in an effort to achieve increased functional flexibility and less demarcation between jobs. This is classic dispute territory, although likely to be focused at local levels. The reference to a gap between rules and behaviour is particularly interesting. Local government negotiators will inevitably be less routinised in their approaches to negotiations and so some drift from intended outcomes is to be expected. The following is a summary of the various views emerging from the survey:

Government view
- not enough clarity on the obligations and possibilities of negotiations at local level. The formal model of the national contract puts strong limitations on the local-level contract. In practice, the scope for bargaining has been increased at local government level. Therefore, there exists a gap between 'rules' and 'behaviours'. Usually the local government bargains without clarification about its objectives, strategies and tactics.

Academic view
- probably the implementation of the new job classification system, introduced by the national collective agreements for the period 1998-2001, still underway in many administrative units. The new system passed from a job classification grading of 8-10 levels to a 4-level system, with broader job descriptions to increase functional flexibility.

Contentious issues in local government industrial relations in the future

FINLAND
Finnish respondents are clearly occupied with the implementation of the new salary system and the attempt to base wages on the level of difficulty of work. This is a most complex model in its design and there are likely to be imperfections, particularly in categories of work that are difficult to codify in less than holistic terms. The following is a summary of the various views emerging from the survey:

State employer view
- trade unions resist increase of local agreements;
- lack of labour trust that employers will follow national minimum requirements.

Trade union view
- recruitment;
- job security;
- labour shortages;
conciliating the new salary scheme based on the ‘Assessment of the Level of Difficulty of Work’. The Union of Health and Social Care Services (THEY) prefers an analytical model instead of an holistic approach to pay determination;

- implementation of the division of the wage structure (pay differentials), also linked to the ‘Assessment of the Level of Difficulty of Work’ (currently there are too many workers at the lower levels of the wage structure).

**Government view**

- potentially the application of new salary system;
- need for flexibility on both sides (especially on reconciliation of family and working lives).

**GERMANY**

There is some pessimism from German respondents relating to financial constraints, but there is also notably a concern about demographic changes. The following is a summary of the various views emerging from the survey:

**Trade union view**

- age-related problems;
- reductions in public services in core provision;
- worsening pay;
- increased task misalignments.

**Academic view**

- decrease in the number of employees and lack of money.

**IRELAND**

Generally, there are concerns about changes in work practice, challenges to demarcation lines and the development of performance management systems. The following is a summary of the various views emerging from the survey:

**Employer view**

- changes in work practice.

**Academic view**

- performance management — both managing ‘superior’ performance and under-performance;
- breaking down/eroding job demarcations.

**ITALY**

A single view is offered from Italy concerning fragmentation of bargaining.

**Government view**

- greater differentiation in the bargaining terms of the different trade unions.

**Summary**

To summarise on perceptions of the quality of industrial relations in local government, it has to be said that the survey has produced diverse results. In most cases, respondents were confident about
the quality of industrial relations in the local government sector. The exception is Germany, where some pessimism is evident. This may well be attributed to the experience of a recent dispute which, although largely settled, has left some scars.

Finland is largely occupied with the implementation of a new salary system based on the value of work. While this has been agreed, its implementation may create areas of dispute, particularly where jobs are hard to codify. Ireland seems confident that its partnership initiatives will deliver good results, although respondents remark on the difficulty of implementing and sustaining such a programme (it is crucially dependent upon trust). The German respondents are pessimistic and this is clearly associated with current economic problems and the history of recent disputes. There are very real concerns about job security and changes to job grading in Germany. Italian respondents seem to be waiting on developments: reforms to the job classification system are underway and the greatest concern is that financial reform will not keep pace with the service expectations of the local government sector.

Workplace representation

This section of the survey asked respondents for their opinions about the nature and effectiveness of workplace representation (trade unions, works councils, quality circles and employee directors/governors). Clearly, different legal regulations exist in each country, although the one thing that these countries have in common is the right to belong to a trade union (and trade unions are always present).

Table 21 shows that trade unions have some influence in all countries and are very important in Italy.

**Table 21 Influence of trade unions in local government workplaces**

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very strong influence</td>
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<tr>
<td>Some influence</td>
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<td>78</td>
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<tr>
<td>No influence</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

It is considered unlikely that the level of trade union influence will change over the next five years, according to Table 22, although Finnish respondents expect an increase in influence.

**Table 22 Anticipated change in trade union influence over the next five years**

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in influence</td>
<td>57</td>
<td>22</td>
<td>0</td>
<td>0</td>
<td>23</td>
</tr>
<tr>
<td>No change</td>
<td>29</td>
<td>33</td>
<td>100</td>
<td>100</td>
<td>58</td>
</tr>
<tr>
<td>Decrease in influence</td>
<td>14</td>
<td>44</td>
<td>0</td>
<td>0</td>
<td>19</td>
</tr>
</tbody>
</table>

The use of works councils is country-specific. Table 23 shows that Germany has the longest tradition of works councils and they remain influential. Italy reports the greatest influence,
suggesting a higher level of workplace discussion over work arrangements than other countries. In all countries, works councils provided coverage for non-permanent staff.

Table 23  Influence of works councils in local government workplaces

<table>
<thead>
<tr>
<th></th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very strong influence</td>
<td>0</td>
<td>56</td>
<td>33</td>
<td>71</td>
<td>42</td>
</tr>
<tr>
<td>Some influence</td>
<td>86</td>
<td>44</td>
<td>33</td>
<td>29</td>
<td>50</td>
</tr>
<tr>
<td>No influence</td>
<td>14</td>
<td>0</td>
<td>33</td>
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</table>

Table 24  Influence of quality circles in local government workplaces

<table>
<thead>
<tr>
<th></th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
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<tr>
<td>Very strong influence</td>
<td>0</td>
<td>12.5</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Some influence</td>
<td>43</td>
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<td>43</td>
<td>42</td>
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<tr>
<td>No influence</td>
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<td>37.5</td>
<td>100</td>
<td>57</td>
<td>54</td>
</tr>
</tbody>
</table>

On the influence of employee directors/governors, Table 25 shows no influence at all in Ireland, but some in Italy and Germany. This would depend upon constitutional arrangements and may be more significant in other parts of the public sector, such as the health services or education. In most cases, non-permanent staff could be involved as employee directors/governors.

Table 25  Influence of employee directors/governors in local government workplaces

<table>
<thead>
<tr>
<th></th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very strong influence</td>
<td>17</td>
<td>44</td>
<td>0</td>
<td>0</td>
<td>22</td>
</tr>
<tr>
<td>Some influence</td>
<td>33</td>
<td>44</td>
<td>0</td>
<td>83</td>
<td>48</td>
</tr>
<tr>
<td>No influence</td>
<td>50</td>
<td>11</td>
<td>100</td>
<td>17</td>
<td>30</td>
</tr>
</tbody>
</table>

While arrangements for worker involvement exist in some form in each country, it was important to ask to what extent these were effective. Table 26 shows that German and Italian respondents were fairly confident about this (works councils are well established in these countries), but Finnish respondents were less convinced.

Table 26  Assessing the effectiveness of arrangements for worker involvement

<table>
<thead>
<tr>
<th></th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective</td>
<td>0</td>
<td>62.5</td>
<td>50</td>
<td>43</td>
<td>37.5</td>
</tr>
<tr>
<td>Neutral</td>
<td>57</td>
<td>37.5</td>
<td>0</td>
<td>57</td>
<td>46</td>
</tr>
<tr>
<td>Not effective</td>
<td>43</td>
<td>0</td>
<td>50</td>
<td>0</td>
<td>17</td>
</tr>
</tbody>
</table>
**Anticipated changes in arrangements for worker participation over the next five years**

**FINLAND**

Finnish respondents expect that the level of employee involvement will increase through various mechanisms, including consultation, appraisals and increased autonomy in decisions over work organisation. However, none of these are strongly associated with traditional collective approaches to workplace participation, such as through trade unions or works councils. The following is a summary of the various views emerging from the survey:

- **State employer view**
  - dissemination of good strategic HRM practices will strengthen the effectiveness of employee involvement systems.

- **Trade union view**
  - no changes expected.

- **Government view**
  - the role of consultation procedures (obligatory and voluntary) will increase because of the emergence of the new salary system and the common need for flexibility;
  - the role of different kinds of employees’ evaluations will increase, for example, of superiors and questionnaires/barometers directed at employees concerning working conditions.

- **Academic view**
  - employee influence will increase, along with the adoption of new forms of work organisation (semi-autonomous teams, etc).

**GERMANY**

German respondents are highly pessimistic on this matter. There are a number of references to the dismantling of a long tradition of co-determination. The reason for this seems to lie in the need for greater flexibility (particularly speed of decision-making). There is reference to employers paying only ‘lip service’ to the requirement to consult. The high level of bureaucratisation of the German system may well be unsustainable in the context of the need for rapid reform in the local government sector. The following is a summary of the various views emerging from the survey:

- **Employer view**
  - dismantling of employee participation arrangements since more flexibility is needed.

- **Trade union view**
  - decentralisation;
  - dismembering of agency structures;
  - attenuation of the role of the agreement/arbitration boards to the disadvantage of the employed;
  - dismantling of co-determination rights, as already introduced over last five years;
  - Expect dismantling of past arrangements. This will depend on the respective government coalitions; with conservative governments, substantially more changes with participation (e.g. Hessen).
The quality of industrial relations in the European public sector

Academic view
- maybe direct participation will become more important, but only in a few municipalities.
  (The influence of a union, council, quality circle and employee director depends on the specific situation; sometimes there is none, sometimes the influence is strong.)

Other views
- the tendency is for a restriction of employee participation. In some parts of the Federal Republic, the employment agency laws were already changed in recent years to reduce the rights of co-determination. Thus, the fact of participation is limited to a pure duty to supply information about the employer.

IRELAND
From Ireland, partnership is the way forward. Previous comments suggest that this is not easy to achieve and requires sophisticated negotiation techniques to deliver good quality results. The following is a summary of the various views emerging from the survey:

Employer view
- workplace partnership sets out a strategy for more effective participation over the next 3 years.

Academic view
- the use and further development of partnership agreements may allow for more worker involvement.

ITALY
There are no real signals coming from Italy about changes in the nature of workplace representation, although there is a warning that existing arrangements may be suppressing local management decision-making. The following is a summary of the various views emerging from the survey:

Government view
- there are no important signals of changes with regard to the problem of direct worker involvement, thus it is difficult to undertake any forecast.

Academic view
- note that in Italy the workplace representation system is single channel: there is just one structure (the unitary union representation body), elected by all employees, with both negotiation and information/consultation/participation powers. This body together with the provincial representatives of the unions which have signed the national collective agreement applied in the unit are the protagonists of local-level negotiations and industrial relations.
  - these arrangements for worker participation are highly effective, but often oppressive for managerial autonomy.
Changes that would bring about the most significant improvements in worker participation

FINLAND

From Finland, there are strong suggestions that the ‘attitude’ towards employee participation is more important than the formal processes. Reference to ‘mutual trust’ and ‘know how’ support other views that there is a need for development among local negotiators. The following is a summary of the various views emerging from the survey:

State employer view
- accumulation of good practices through research-based development networks;
- development of the local government structure.

Trade union view
- change of attitudes of the employers;
- genuine participation, not just considered a formality;
- increasing the ‘cooperative practice’;
- change of attitudes of the employers to consider participation as an asset and not just a formality imposed by the regulation system;
- achieving equality on a wider scale, not just in terms of salary.

Government view
- changes that are linked to mutual trust between the employer and the employees and employees’ representatives/trade unions;
- increasing ‘know-how’ about industrial relations and negotiation skills.

Academic view
- changes in the types of management practised; also, changes in work organisation are important in the influence-power continuum of municipal employees.

GERMANY

In terms of changes that would bring about significant improvements in worker participation, there are mixed views from Germany. The need for deeper participation with organisational decision-making is strongly felt, although the disintegration effects of partial privatisation may make it difficult to achieve cooperation and consensus in the future. The following is a summary of the various views emerging from the survey:

Trade union view
- development of participation in economic and organisational questions of economic committees of company works councils in mixed economy organisations;
- more unionised interest of workers; also, more members in the trade unions.

Academic view
- employees/union members, and especially members of the works councils, must appreciate the need for cooperation without legal rules (e.g. formal privatisation leads to a disintegrated local government, also on the labour side). Solidarity has lost its power somewhat.
IRELAND
More widespread buy-in to the principles of workplace partnership would contribute to improvements in worker participation in Ireland. There are some concerns expressed about the need for improved skills among local negotiators in navigating areas of potential dispute within a spirit of partnership. The following is a summary of the various views emerging from the survey:

**Employer view**
- buy-in on both sides to the principles of workplace partnership.

**Academic view**
- training and development seem to have been poorly addressed throughout the public sector. While initiatives such as *Investors in People* and *Excellence through People* have done much to put training on the public sector agenda, this has not always achieved the results intended;
- some would suggest that employees are inexperienced in negotiating and thus rely heavily on the trade unions. This in itself should not be problematic, but often public sector units have quite antagonistic relationships with the unions;
- senior management (from central government to local level) needs to manage the reform process more proactively; some quite basic management mistakes are being made;

**Constraints on improvements in worker participation**

FINLAND
Finnish commentators cite attitudinal factors as most likely to constrain improvements in worker participation, with particular references to the need for trust, reluctance to engage in mediation and resistance to change. There are also concerns that economic stagnation may derail efforts to improve the quality of industrial relations in this respect. The following is a summary of the various views emerging from the survey:

**State employer view**
- the principle of political democracy in local government decision-making;
- old-fashioned attitudes.

**Trade union view**
- stagnating economy;
- hardening attitudes;
- the general reluctance of the employer to improve the general agreement or contract through mediation;
- drifting into a situation where agreement cannot be reached in negotiations concerning the improvement of the cooperative practice;
- work disputes/strikes and the consequences of these — the weakening of the cooperative culture of the work community;
- the employer losing the workers’ trust.
Government view
■ lack of expertise, human resources management, mutual trust, required information.

Academic view
■ the continuous resistance to change, coming from different directions.

GERMANY
German respondents express concerns about job security and the willingness of employers to engage in meaningful discussion with employee representatives. A climate of financial austerity adds to the perceived risks of a deterioration in worker participation. The following is a summary of the various views emerging from the survey:

Trade union view
■ hire-and-fire culture, with verbal attacks on trade unions/works councils;
■ readiness to communicate lacking on employers’ side;
■ continuance of bureaucracy;
■ insufficient management/guidance culture;
■ changed basic attitude to democracy, understanding neo-liberalism.

Academic view
■ lack of positive development of solidarity in many municipalities.

Other views
■ for the moment, clearly only one Totschlagargument ('killer argument') dominates, which prevents any improvement of employees’ participation. Also, the catastrophic financial situation of the German municipalities. Also, the continuing high level of unemployment.

IRELAND
The pressure on local government organisations in Ireland to deliver greater value for money is seen as a potential threat to worker participation, although in the context of buy-in to the partnership approach this may be mitigated. An important point is made concerning the increased workload of public sector managers and this may lead to some impatience with time-consuming consultative arrangements. The following is a summary of the various views emerging from the survey:

Employer view
■ no buy-in or a diluted buy-in.

Academic view
■ pay disputes at all levels in the public sector are potentially quite damaging;
■ the use of performance management systems;
■ the real threat in some quarters of potential job losses if the new ways of work are successful. For example, there have been high-profile discussions that the enhanced use of IT might
mean a reduction in staff numbers. As the pressures are put on public sector units to deliver value for money and actively demonstrate quality customer service with reduced budgets, this could prove an impossible task. Anecdotally, there already seems to be an increase in stress-related illnesses among lower level employees and this leads to instability;

- lack of time. There is general agreement that public sector managers are faced with enormous constraints on their time.

Summary
To summarise on workplace representation, trade unions and works councils are the most important and effective vehicles for worker participation in the countries studied. Quality circles and employee directors/governors have little influence.

On anticipated changes in arrangements for worker participation over the next five years, Finnish respondents expect an increase in employee involvement; this may not necessarily be associated with formal committee structures, but rather through engagement with appraisal processes and less formal approaches to workplace dialogue. For this to be successful, attitudes towards cooperation are considered to be most important and there are concerns that financial stringency may harden attitudes on both sides.

Germany expects a steady erosion of the effectiveness of formal systems of workplace representation. There are references to the dismantling of some representation structures (through the break-up of administrative units) and where these remain intact, there is a suggestion that the quality of participation will decline. Regular references to the crisis of funding in local government and pressure for rapid reform suggest that the highly developed systems of co-determination in Germany are under acute pressure.

Ireland’s partnership programmes are clearly seen to be an important way forward in terms of worker involvement. Confidence in these approaches is qualified by warnings that the skills level of local negotiators is an issue, particularly in dealing with performance management demands, and that the time taken to engage in consultation may be burdensome on the management side, where roles have become increasingly pressurised.

There are no real signals emerging from Italy about changes in the nature of workplace representation. There is a warning, however, that existing arrangements may be suppressing local management decision-making.

Equality and social inclusion
This section of the survey focused on measures to achieve higher levels of equality and social inclusion — a key objective of EU policy. Respondents were asked to give details of the measures taken in their countries to assess the effectiveness of these and to give an opinion on the constraints in this area of policy.

Table 27 shows that respondents were confident of the effectiveness of equal opportunities policies with regard to gender, mainly based in legislation.
Table 27 Perceived effectiveness of measures on gender

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective</td>
<td>57</td>
<td>50</td>
<td>100</td>
<td>83</td>
<td>65</td>
</tr>
<tr>
<td>Some effect</td>
<td>43</td>
<td>50</td>
<td>0</td>
<td>17</td>
<td>35</td>
</tr>
<tr>
<td>Not effective</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

However, on the question of equality in terms of race/ethnicity, Table 28 shows that there was less confidence. A number of respondents did not even answer this question, indicating that this was not yet an issue in their country.

Table 28 Perceived effectiveness of measures on race/ethnicity

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective</td>
<td>17</td>
<td>37.5</td>
<td>50</td>
<td>0</td>
<td>30</td>
</tr>
<tr>
<td>Some effect</td>
<td>66</td>
<td>12.5</td>
<td>50</td>
<td>0</td>
<td>35</td>
</tr>
<tr>
<td>Not effective</td>
<td>17</td>
<td>50</td>
<td>0</td>
<td>100</td>
<td>35</td>
</tr>
</tbody>
</table>

On disability, respondents were generally confident that the measures introduced had at least some effect, as seen in Table 29. Protective legislation exists in all countries.

Table 29 Perceived effectiveness of measures on disability

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective</td>
<td>29</td>
<td>27.5</td>
<td>100</td>
<td>100</td>
<td>56</td>
</tr>
<tr>
<td>Some effect</td>
<td>57</td>
<td>62.5</td>
<td>0</td>
<td>0</td>
<td>39</td>
</tr>
<tr>
<td>Not effective</td>
<td>14</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
</tbody>
</table>

A critical area for EU policy, measures to prevent age discrimination have been thrown into high relief. Table 30 shows that respondents are not confident of the effectiveness of age-inclusion policies where they exist.

Table 30 Perceived effectiveness of measures on age

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective</td>
<td>29</td>
<td>37.5</td>
<td>50</td>
<td>0</td>
<td>33</td>
</tr>
<tr>
<td>Some effect</td>
<td>71</td>
<td>0</td>
<td>50</td>
<td>0</td>
<td>33</td>
</tr>
<tr>
<td>Not effective</td>
<td>0</td>
<td>62.5</td>
<td>0</td>
<td>100</td>
<td>33</td>
</tr>
</tbody>
</table>

Table 31 suggests that most respondents are not optimistic about measures to improve equality in terms of social background. This problem is being tackled through educational and social policy in all countries, but so far with limited effect.
Table 31  Perceived effectiveness of measures on social background

<table>
<thead>
<tr>
<th></th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Finland</td>
</tr>
<tr>
<td>Effective</td>
<td>14</td>
</tr>
<tr>
<td>Some effect</td>
<td>57</td>
</tr>
<tr>
<td>Not effective</td>
<td>29</td>
</tr>
</tbody>
</table>

In the next question, respondents were asked whether levels of equality and social inclusion might improve over the next five years. The results for Germany are unexpected and, as Table 32 shows, disturbing in the large percentage anticipating a deterioration. Finland, on the other hand, is confident of improvement and it may be worth studying the grounds for that optimism.

Table 32  Will levels of equality and social inclusion improve over the next five years?

<table>
<thead>
<tr>
<th></th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Finland</td>
</tr>
<tr>
<td>Improve significantly</td>
<td>71</td>
</tr>
<tr>
<td>No change</td>
<td>29</td>
</tr>
<tr>
<td>Deteriorate</td>
<td>0</td>
</tr>
</tbody>
</table>

Measures to improve equality and social inclusion

FINLAND

Clearly, there has been a great deal of recent activity in Finland to legislate on equal opportunities and this is supported by recommendations on policy implementation. The coverage of discussions goes beyond ‘narrow’ definitions of equality and has included age, quality of working lives and experimental schemes on teleworking to promote employment inclusiveness. The following is a summary of the various views emerging from the survey:

State employer view
- legislation;
- ‘age programmes’ to improve seniority policies and mentoring, and foster better attitudes.

Trade union view
- the number of women;
- sex discrimination;
- ethnic equality;
- improving the conditions of temporary workers (legal obligations);
- flexible working hours/local agreement;
- government-supported local improvement projects on working lives;
- information technology;
- some degree of discussion on teleworking or pilot schemes to experiment with this.
Government view
- the government's decision in principle (30.8.2001) concerning state personnel policy line has been implemented by the Ministry of Finance with the start of four major personnel policy projects. All of these can be seen as contributing to the improvement of equality and social inclusion in the state sector in general, especially those aimed at increasing the number of women in leading positions and at transferring information, knowledge and expertise from senior civil servants to others. The two other projects are aimed at increasing the state's competitiveness in recruiting and retaining personnel, and at enhancing career planning (for specialists and managers).

Academic view
- laws on equality issues (gender) and prohibition of discrimination;
- local plans to implement the laws;
- European Social Fund and other projects to increase inclusion.

GERMANY
Laws on equal rights relating to gender equality take highest profile in the responses of the German commentators. There is an impression that these laws are becoming more effective. The following is a summary of the various views emerging from the survey:

Employer view
- equal rights laws;
- law concerning severely disabled staff;
- promotion plans for women (internal).

Trade union view
- equalisation promotion/partial legally;
- gender equalisation;
- equal rights law;
- service agreements;
- working groups;
- commissions;
- office for multi-cultural affairs.

Academic view
- equality of men and women;
- women have better chances of getting a public sector job;
- gender mainstreaming is a large theme (and it seems successful).

Other views
- for some years, there have been quotas assigned for women, as well as severely disabled representatives;
now strengthened gender mainstreaming discussions taking place in the municipalities.

IRELAND
Irish legislation provides broad coverage on the basis of individual employment rights. The establishment of social inclusion units is particularly advanced. The following is a summary of the various views emerging from the survey:

**Employer view**
- major move to ‘poverty-proof’ all policies and specific social inclusion units being established in local authorities.

**Academic view**

ITALY
There is broad legislative coverage in Italy, including regulations concerning serious illness — an important factor in social inclusion. These laws are being implemented at local government level through the use of affirmative action programmes and in some cases reserved quotas. The following is a summary of the various views emerging from the survey:

**Government view**
- laws and contracts have increased the protections and rights for maternity and paternity, disability, bullying, sexual harassment, alcohol and drug addicts, and serious illness.

**Academic view**
- institutional committees on equal opportunity have been established in all public administrations after the passing of the law n.125/1991 and the legislative decree 196/2000. These laws oblige each public administration and each local government to adopt affirmative action programmes, even if their actual implementation can be somehow uneven;
- another law, n.68/1999, deals with special placement procedures for disabled people, establishing for each employer a certain quota reserved to them.

**Anticipated changes in policy to improve equality and social inclusion in next five years**

FINLAND
In Finland, there are many references to an anticipated shortage of labour (due to demographic shifts), which is expected to bring about an improvement in opportunities for women and for older workers particularly. Detailed state plans have been prepared, with targets for achievement and extending into areas of broader social inclusion, including life-long learning. The following is a summary of the various views emerging from the survey:

**State employer view**
- shortage of workforce labour will improve the situation of aged and disabled people.

**Trade union view**
- ethnic and race-related issues;
■ age discrimination;
■ ensuring life-long learning in the job;
■ achievement of equality;
■ valuing and nurturing the workforce throughout the working life.

**Government view**
■ implementation and application of state personnel policy projects in local-level administrations;
■ increased competition for labour, which means the state needs to be an exemplary and attractive employer;
■ new salary system to increase equality in pay in similar jobs;
■ there will be a government proposal for amended legislation on equality between genders, which will tighten employers’ obligation to prepare more detailed equality plans and to clarify the salaries of men and women in different task groups.

**Academic view**
■ the lack of labour force, to be seen within 10 years, may help;
■ the general atmosphere may be changing to be more tolerant (and inclusive).

**GERMANY**
In most cases, German respondents did not anticipate changes in measures to improve equality and social inclusion. There is some reference to expected measures to improve the integration of foreign workers and older workers into the labour market, although the latter may depend on social security reforms. The following is a summary of the various views emerging from the survey:

**Employer view**
■ none

**Trade union view**
■ social trends are moving in opposite directions towards individualisation, which rests also on the result of political elections.

**Academic view**
■ none

**Other views**
■ it remains to be seen to what extent gender equality flows from legal reform;
■ strengthened measures for the integration of foreign young people into the job market;
■ no changes expected concerning disability;
■ on age, it depends on discussions on reforms of the social security system and the appropriate pensionable age; in the future, measures will be needed for the improved integration of older workers into the job market.
IRELAND
Ireland expects little change in measures to improve equality and social inclusion, except in so far as the recent legislation will take time to embed. The following is a summary of the various views emerging from the survey:

**Employer view**
- the present trend continued should be adequate.

**Academic view**
- both the Equality Act and Freedom of Information Act are fairly new and will take some time to become integral to the way units are managed; this should happen over the course of the next few years.

ITALY
Little change is expected from Italy, apart from measures to improve the integration of foreign workers. The following is a summary of the various views emerging from the survey:

**Government view**
- the immigration of people from countries outside the EU has been increasing, so that changes and new measures on race/ethnicity could be taken in the future to improve the integration of these new workers.

**Academic view**
- no significant changes in the legal framework (which is considered quite good) and policy to improve equality and social inclusion over the next five years.

**Constraints on improvements in equality and social inclusion**

FINLAND
On factors constraining improvements in equality and social inclusion, Finland reports mainly macro-economic/political issues as potential threats. At organisational level, reference to attitudinal constraints and a need for management development are cited as potential problems. The following is a summary of the various views emerging from the survey:

**State employer view**
- the situation is quite optimal.

**Trade union view**
- stagnation of the economy;
- privatisation.

**Government view**
- lack of expertise and HRM;
- old-fashioned attitudes;
- failure to eliminate or reduce weaknesses in management.
**Academic view**
- dramatic changes in the world have produced contradictory opinions toward everything considered as ‘different’.

**GERMANY**
Macro-economic conditions dominate the responses from Germany. Concerns include lack of funding to support integration, increasing unemployment and the rising cost of pensions. The following is a summary of the various views emerging from the survey:

*Trade union view*
- crisis of public finances leads to the dismantling of expenditures, which could promote the integration;
- opportunities for citizens to participate;
- increasing unemployment.

*Academic view*
- decrease in the number of employees and lack of money.

*Other views*
- the problem is that these questions are discussed in different contexts, so that little scope is given at local level, for example, on the integration of older workers and pensions.

**IRELAND**
There are concerns in Ireland that the level of funding available to support initiatives on equality and social inclusion may not be sufficient. There is further reference to the burden of work and responsibilities now carried out by local government managers, which may dilute their commitment to very laudable objectives. The following is a summary of the various views emerging from the survey:

*Employer view*
- lack of resources to implement the initiatives.

*Academic view*
- some would suggest that Ireland is becoming too ‘politically correct’ and this is making some managers afraid to manage. Some would suggest that because managers have to be so aware of the legislation, they can get so caught up in doing the right thing that the intended effect is not achieved;
- general apathy — some public sector managers believe that all these current issues and the reform agenda are nothing more than 'old wine in new bottles', while others see them as initiatives with a limited existence until the next ones come along.

**ITALY**
One Italian commentator mentions the implications of financial constraints on the potential to introduce further measures to improve equality and social inclusion.
The quality of industrial relations in the European public sector

Government view
- financial and economic constraints imposed by EMU.

Summary
To summarise on equality and social inclusion, respondents were reasonably confident about the future in terms of gender equality and disability (largely on the grounds of supportive legislation). They were much less confident about age discrimination and social background. German respondents, in particular, were quite despondent about this.

In all cases, equality legislation exists (in line with broader EU policy) and in many cases coverage has broadened to tackle issues of inclusiveness concerned with age and the integration of foreign workers. Finland and Ireland are in the implementation stage of comprehensive strategies to promote social inclusion, including issues of life-long learning. Attitudinal factors are considered to be important in either promoting or inhibiting improvements in equality and social inclusion, highlighting a need for management development. In most cases, respondents also cited macro-economic and financial conditions as potential threats to successful integration, the suggestion being that such matters might travel down the list of local government priorities as shorter-term objectives take precedence.

Flexicurity
In this section of the survey, respondents were asked to give their views on the security of employment contrasted with the need for flexibility in employment. This is a classic area of tension in industrial relations and has exercised most of its experts.

Table 33 shows the expected changes in the use of part-time employment contracts. Predictably, the great majority of respondents expect these to increase. This is not a significant departure from local government practice, in which part-time employment has always been an important aspect of labour supply. However, it is clear that the experts expect this to be an increasing mode of employment.

Table 33 Expected changes in the use of part-time employment contracts

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase</td>
<td>57</td>
<td>100</td>
<td>100</td>
<td>86</td>
<td>85</td>
</tr>
<tr>
<td>No change</td>
<td>43</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>11</td>
</tr>
<tr>
<td>Decrease</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>14</td>
<td>4</td>
</tr>
</tbody>
</table>

Table 34 illustrates the expected changes in the use of fixed-term employment contracts, which are considered to be a key element of flexibility. With the exception of Finland, all countries anticipate a substantial increase.

Respondents were then asked to give their opinions on the job security of four categories of local government staff — manual (see Table 35), administrative (see Table 36), professional and technical (see Table 37), and managerial (see Table 38). The least secure jobs are thought to be among...
managerial employees (as a result of reorganisations) and manual staff (as a result of subcontracting). The German respondents are least confident about job security for all staff. These results have implications for the recruitment and retention of high-quality staff (see p. 65).

Table 34  Expected changes in the use of fixed-term employment contracts

<table>
<thead>
<tr>
<th></th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase</td>
<td>14</td>
<td>87.5</td>
<td>67</td>
<td>57</td>
<td>56</td>
</tr>
<tr>
<td>No change</td>
<td>43</td>
<td>12.5</td>
<td>33</td>
<td>14</td>
<td>24</td>
</tr>
<tr>
<td>Decrease</td>
<td>43</td>
<td>0</td>
<td>0</td>
<td>29</td>
<td>20</td>
</tr>
</tbody>
</table>

Table 35  Job security of manual staff in local government

<table>
<thead>
<tr>
<th></th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>More secure</td>
<td>29</td>
<td>0</td>
<td>0</td>
<td>43</td>
<td>19</td>
</tr>
<tr>
<td>No change</td>
<td>57</td>
<td>11</td>
<td>67</td>
<td>43</td>
<td>39</td>
</tr>
<tr>
<td>Less secure</td>
<td>14</td>
<td>89</td>
<td>33</td>
<td>14</td>
<td>42</td>
</tr>
</tbody>
</table>

Table 36  Job security of administrative staff in local government

<table>
<thead>
<tr>
<th></th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>More secure</td>
<td>29</td>
<td>0</td>
<td>0</td>
<td>14</td>
<td>11.5</td>
</tr>
<tr>
<td>No change</td>
<td>29</td>
<td>56</td>
<td>100</td>
<td>86</td>
<td>61.5</td>
</tr>
<tr>
<td>Less secure</td>
<td>42</td>
<td>44</td>
<td>0</td>
<td>0</td>
<td>27</td>
</tr>
</tbody>
</table>

Table 37  Job security of professional and technical staff in local government

<table>
<thead>
<tr>
<th></th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>More secure</td>
<td>29</td>
<td>0</td>
<td>0</td>
<td>43</td>
<td>20</td>
</tr>
<tr>
<td>No change</td>
<td>57</td>
<td>37.5</td>
<td>67</td>
<td>57</td>
<td>52</td>
</tr>
<tr>
<td>Less secure</td>
<td>14</td>
<td>62.5</td>
<td>33</td>
<td>0</td>
<td>28</td>
</tr>
</tbody>
</table>

Table 38  Job security of managerial staff in local government

<table>
<thead>
<tr>
<th></th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>More secure</td>
<td>14</td>
<td>0</td>
<td>0</td>
<td>29</td>
<td>12</td>
</tr>
<tr>
<td>No change</td>
<td>57</td>
<td>44</td>
<td>67</td>
<td>29</td>
<td>46</td>
</tr>
<tr>
<td>Less secure</td>
<td>29</td>
<td>56</td>
<td>33</td>
<td>42</td>
<td>42</td>
</tr>
</tbody>
</table>

Table 39 shows how respondents expect working hours to change in the future. Although the majority felt that there would be no change, the percentage who thought that working hours might increase is of interest. There does appear to have been a turning point on this issue in some countries where flexibility is associated with longer working/trading hours.
The quality of industrial relations in the European public sector

Table 39  Expected changes in the level of working hours

<table>
<thead>
<tr>
<th></th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Finland</td>
</tr>
<tr>
<td>Increase</td>
<td>17</td>
</tr>
<tr>
<td>No change</td>
<td>83</td>
</tr>
<tr>
<td>Decrease</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 40 could not be more conclusive — everybody expects working hours to become more flexible.

Table 40  Expected changes in flexibility of working hours

<table>
<thead>
<tr>
<th></th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Finland</td>
</tr>
<tr>
<td>Become more flexible</td>
<td>100</td>
</tr>
<tr>
<td>No change</td>
<td>0</td>
</tr>
<tr>
<td>Become less flexible</td>
<td>0</td>
</tr>
</tbody>
</table>

Innovative approaches to the management of working time
The views of the experts from each country on this topic are summarised below.

FINLAND

State employer view

■ Jorvi Hospital, situated in the City of Espoo and belonging to the Joint Authority for the Hospital District of Helsinki and Uusimaa (HUS), received a prize for personnel-steered flexible working-time arrangements from the European Agency for Safety and Health at Work (Bilbao, Spain) during the 2002 European Week for Occupational Safety and Health (OSH).

Trade union view

■ the pilot scheme at Jorvi Hospital on working hours, and the subsequent implementation of the initiative on a wider scale, received an award at Bilbao in Autumn 2002.

Government view

■ in the state sector there is, for example, a specific system (a kind of working hours bank) for doing extra daily and weekly work without it being overtime. The introduction of the system needs the employees’ consent; the extra work is then done according to the employer's instructions within a certain period and will be equalised during a 26-week period;

■ according to the central-level collective agreement, there are also some other specific flexible ways to organise working hours as on an average basis;

■ in general, it seems that the problem is not so much the lack of suitable procedures for managing working hours as the lack of willingness on both sides to use these procedures.
Academic view
■ there are pilot projects experimenting with sharing work with the unemployed.

GERMANY

Employer view
■ capacity-related flexible work time (aligned with work load, without lunch time and no core work times); also, trust-based working-time models.

Trade union view
■ trust-based working-time models;
■ participative roster organisation;
■ sabbatical offers;
■ models of compatibility with family and occupation;
■ service agreement for work time regulation;
■ flexible work time models without lunch time, without core work times by arrangements with teams (trust-based model).

Academic view
■ none

Other views
■ trust-based working time in the city of Wolfsburg;
■ teleworking (from home);
■ lifestyle work models.

IRELAND

Employer view
■ there are many national initiatives for family-friendly working that will facilitate flexible working time, such as term-time working, job sharing and parental leave.

Academic view
■ aside from flexible working patterns (e.g. job sharing or flexitime), not aware of any innovative approaches currently being used.

ITALY

Government view
■ some local governments have in place a system whereby more hours are worked at certain periods of the year and less at other times. There are also some experiments with part-time job sharing.
Summary
To summarise on flexicurity, some interesting results have emerged from this section of the survey. Respondents expect the number of part-time workers and staff on fixed-term contracts to increase. They also expect working hours to increase and become more flexible. The job security of manual workers and managers in local government is expected to become more precarious.

On innovative arrangements concerning the management of working time, most countries report more flexible arrangements that have benefits for both employees and employers. Various versions of ‘hours banks’ are in use on the basis of mutual agreement and trust, and there is regular reference by the respondents to the desire to improve the ‘family-friendliness’ of working-time arrangements.

Labour supply and shortages
There have been concerns that the public services may not be able to attract and retain high quality staff. Questions were designed in the survey to discover the extent of this problem as it currently exists and as respondents see it in the future.

Table 41 shows that in all countries there is perceived to be a labour supply shortage currently. Of these, Italy reports the most discomfort (as a result of competition for talented labour in the private sector), whereas Germany, in the face of redundancies and higher unemployment, is less concerned. It is important to understand that in many cases labour shortage will be in reference to staff with generalised skills, such as IT skills that can easily be transferred to other sectors. This would not be so of the whole of the public sector, where specialised skills are less transferrable (such as fire-fighting).

Table 41  Assessment of current labour supply situation

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major shortage</td>
<td>43</td>
<td>56</td>
<td>0</td>
<td>67</td>
<td>50</td>
</tr>
<tr>
<td>Some shortage</td>
<td>57</td>
<td>0</td>
<td>50</td>
<td>33</td>
<td>29</td>
</tr>
<tr>
<td>No shortage</td>
<td>0</td>
<td>44</td>
<td>50</td>
<td>0</td>
<td>21</td>
</tr>
</tbody>
</table>

In terms of future labour shortages, Table 42 shows that respondents from most countries are expressing real concern about this.

Table 42  Anticipated labour shortages in the next five years

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major shortage</td>
<td>83</td>
<td>67</td>
<td>0</td>
<td>66</td>
<td>65</td>
</tr>
<tr>
<td>Some shortage</td>
<td>17</td>
<td>22</td>
<td>50</td>
<td>17</td>
<td>22</td>
</tr>
<tr>
<td>No shortage</td>
<td>0</td>
<td>11</td>
<td>50</td>
<td>17</td>
<td>13</td>
</tr>
</tbody>
</table>
Changes to bring about significant improvements in staff recruitment and retention

The views of the experts from each country on this topic are summarised below.

FINLAND

State employer view
- national campaigns and action plans;
- more effective strategic HRM policies and practices.

Trade union view
- increased pay;
- more decision-making power in the job;
- wider job descriptions;
- the increase in base salary and the introduction of the ‘Assessment of Level of Difficulty at Work’ to determine pay;
- job security;
- correct proportioning of the workforce and the workload;
- individualistic/flexible working hours;
- fair and equal treatment of workers;
- employers showing real concern over the working capacity of workers and their health and well-being;
- trade union movement and its local representatives becoming more equal negotiating parties in the local sector (currently employers have the overriding authority and decision-making power over many issues);
- higher sanctions for employers for early retirement (employers should bear more responsibility for workers with limited job capacity).

Government view
- state personnel policies aimed at increasing state sector competitiveness in the labour market.

Academic view
- the public sector should employ more people in order to make the service quality better.

GERMANY

Employer view
- effective payment;
- staff development.
The quality of industrial relations in the European public sector

Trade union view
- motivation rises by qualification;
- public sector identity (greater recognition);
- job security;
- vocational and personal development possibilities;
- pay potential;
- flexible working-time models.

Academic view
- a better image of public institutions and a better financial situation;
- the transition of local government from a more legal to a more goal-oriented approach has to take place.

Other views
- attractive jobs;
- effective payment;
- acknowledgement of good work.

IRELAND

Employer view
- more proactive advertising, pointing out the benefits of employment in the public sector.

Academic view
- a clear discussion (and at least a broad agreement) in relation to pay and performance. There does seem to be a widening gap between the salary that a graduate could earn in the private sector compared with the public sector. As a result, many well-qualified people do not consider the public sector as a viable career path;
- nature of the work: at the lower levels in the public sector, many would suggest that much of the work is overly repetitive and there are limited opportunities for job rotation;
- a clearer and more coherent training programme;
- clearer career development, with more opportunities to reward outstanding performance.

ITALY

Government view
- an improvement in public finances;
- competencies are given more importance in jobs involving innovative areas, such as public management, evaluation of public politics, communications and marketing.
Constraints preventing improvements in staff recruitment and retention

The views of the experts from each country on this topic are summarised below.

FINLAND

State employer view
■ lack of strategic vision in municipalities;
■ tightening competition between various industrial sectors on the fight for the workforce;
■ ageing population, decrease in fertility.

Trade union view
■ stagnating economy;
■ increasing competition over skilled labour due to the ageing of the workforce;
■ importing labour from abroad.

Government view
■ failure to put in practice the personnel policy projects and goals pursued by them.

Academic view
■ fiscal stress.

GERMANY

Employer view
■ resistance to reform of public service employment law.

Trade union view
■ continuance of hierarchical structures;
■ bureaucracy;
■ low pay;
■ opportunities for advancement;
■ tight cash limits;
■ lack of appreciation from other workers.

Academic view
■ lack of money and a slowness to change the image of public sector employment.

Other views
■ authority image;
■ unattractive conditions of work;
■ uncertainty over pay and job security.
IRELAND

Employer view
- government cutbacks, jobs embargo and budgetary resource constraints.

Academic view
- perceived lower salary in public sector;
- bureaucratic nature of the public sector; also, there are few opportunities to be innovative;
- length of recruitment process is very time-consuming and unwieldy; best people go elsewhere;
- limited number of entry points (generally at lowest level in organisation) and few opportunities for career progression.

ITALY

Government view
- declining public finance.

Summary
To summarise on labour supply and shortages, as expected most countries are experiencing problems in the recruitment and retention of local government staff. Local economic circumstances will influence the severity of these problems, particularly the level of competition for highly skilled staff from the private sector. By definition, local government staff need to be resident locally and this further constrains the potential labour supply pool. Respondents were even more pessimistic about future problems with labour supply, with most anticipating major labour shortages.

In terms of improving the labour supply position in local government, there is broad agreement between countries that levels of pay need to remain attractive compared to private sector conditions. This is particularly so where jobs are perceived to be more precarious. However, other issues are cited as potential barriers to public sector recruitment, including questions of opportunity for personal career development, the perceived status of the work itself and bureaucratic constraints on innovation.

Conclusion: Transformation, transition and uncertainty

So far, the pressure for change in the public sector has been examined and the implications of this for the quality of industrial relations. The survey reveals some unequivocal results in terms of the expectations of further reform and the increased likelihood of disputes arising out of these processes, particularly concerning pay and job security.

From the literature, there is no real agreement over whether this process of change will be a matter of transformation or transition. Arguably, Ireland has demonstrated a transformational approach, moving from antagonistic industrial relations to partnership based on structures that promote consensus and social dialogue, such as partnership facilitators and mediation services. However, to arrive at this current situation, the Irish partners have worked through 15 years of complex
negotiation effort. Similarly, Finland has been searching for a strategic approach, but probably more in the transitional form. In this case, Finland has maintained a high level of social dialogue, resulting in the development of framework agreements that are offered to local negotiators for refinement in accordance with local labour market conditions. In both cases, concerns about levels of economic growth are reported to be critical in sustaining the progress made so far.

In Italy, results indicate that the impact of employment policy changes is uncertain. While government is committed to increased flexibility and liberalisation, there is inertia resulting from the need to legislate to remove inhibiting structures and procedures. There are also some deep-seated problems in the country related to regional divisions in terms of income and wealth distribution. It is anticipated that it will take a further 5-10 years for Italy to achieve significant transformation along the lines of the Irish model.

The German situation is clearly embattled on all sides and on the face of it illustrates a situation of deteriorating industrial relations. The previously highly regulated national systems of bargaining and co-determination appear to be under attack or failing under the weight of bureaucracy. Now over 50 years old, the German systems approach to industrial relations may be outdated and it will take some pain to achieve transformation (the corollary of this is the United Kingdom during the 1980s).

Despite the trend in broader industrial relations towards localised bargaining, there remains a strong appetite in the public sector for corporatist-style relations with government in most countries, although with local flexibility. It will take some time to work out the best allocation of financial resources between central and local government, and inevitably this will result in complex negotiated solutions that will vary between countries. To speak of the Europeanisation of industrial relations is difficult. Although at much the same stage of economic development, each of these countries has different cultural and historical legacies that deeply affect the nature of industrial relations.
Part of the objective of this research has been to try to generate a series of benchmarking criteria that, within the concept of the Open Method of Coordination (OMC), might be of benefit to the social partners, particularly those from the new accession economies, in developing public sector policy and practice. As discussed in Chapter 1, the OMC approach is intended to assist in the dissemination of good practice and facilitate learning between countries, which would be required to self-report against good practice guidelines and to consider feedback and recommendations for change and development. Since Lisbon 2000, this has been the preferred approach in a number of policy areas and is linked to the experience of the difficulties encountered in the transposition of formal EU directives into national contexts. (The transposition process had been time-consuming, sometimes requiring constitutional amendments, and often resulted in a dilution of the original legislative intentions.) There is, as yet, no compelling evidence that the OMC approach will deliver superior results, although released from bureaucratic constraints there is a belief that this more voluntarist approach will open up many more opportunities for agreement over public sector reform.

Previous benchmarking studies

Biagi et al (2002) outline the attempts made to classify the quality of European industrial relations, although not specifically in public services. Based on Biagi (2001), these cover the following areas:

1. contribution to social cohesion, competitiveness and sustainable economic growth;
2. recognition of full employment as the primary objective, with preparation for the skills and competencies required in a knowledge-based economy;
3. creation of good quality modern employment;
4. active ageing policies;
5. promotion of life-long learning policies;
6. avoidance of skills shortages, with particular reference to worker mobility;
7. policies for inclusion of groups that might otherwise be marginalised;
8. measures to meet the needs of minority groups;
9. removal of barriers to service sector employment;
10. contribution to the preparation for enlargement of the EU;
11. partnership arrangements;
12. adaptability of the workforce, combined with employment security and training measures;
13. management of occupational health and safety;
14. attention to the quality of living conditions;
15. facilitating innovation and adaptability, especially through IT literacy;
16. focus on equal opportunities;
17. representation of the social partners;
18. coverage of collective bargaining;
19. availability of mediation, conciliation and arbitration facilities (collective and individual);
20. promotion of employee participation in decision-making and financial participation.

Much of this list is expressed in such macro-level terms that it would be difficult for any public sector organisation to align its employment strategies to it. However, in terms of specifying fundamental principles, Biagi’s list is a good qualitative reference point.
For the survey, it was decided to develop the quality indicators established by the European Commission (2001). These indicators are linked to formal policy objectives and concern the general quality of employment rather than industrial relations. They are:

1. intrinsic job quality;
2. skills, life-long learning and career development;
3. gender equality;
4. health and safety at work;
5. flexibility and security;
6. inclusion and access to the labour market;
7. work organisation and work – life balance;
8. social dialogue and worker involvement;
9. diversity and non-discrimination;
10. overall work performance.

In undertaking public sector and industrial relations research, several additional criteria must be added to this list, namely:

- workplace ethics;
- employee and managerial commitment/motivation;
- explicit working-time arrangements;
- determination of pay and conditions (including pensions) and differentials (internal and external);
- areas of potential conflict and conflict management processes;
- problems of labour shortage and solutions.

Taking all of these into account, a list can be drawn up of quantitative and qualitative measures that might enable EU countries to benchmark the quality of industrial relations against each other. Accepting that OMC is the preferred approach, let us assume that we might want to legislate on the quality of industrial relations and consider what would be the minimum expectations of EU employers in the public sector. A critical assumption is that these expectations should be pluralist, moving towards, if not matching, the interests of multiple stakeholders.

The list below is an attempt to combine what has been learned from the literature and the survey. The topic of the benchmark is initially explained and justified, followed by a suggested 5-point metric that might be used for self-assessment. Clearly, the metrics themselves cannot be accurate numerically in measuring what is essentially qualitative information. It would be normal to request qualitative explanations and reflective comment from users of the benchmarks to elaborate on their assessments.

**Benchmarking criteria**

**Scope of bargaining**

*To what extent are the following employment issues subject to collective bargaining (at either national, regional or workplace level) and/or consultation and dialogue?*

- pay;
- bonuses (performance-based pay);
holidays;
working time;
job grading;
work organisation;
skills, training and career development;
job security (including the use of fixed-term contracts);
health and safety at work;
equality and social inclusion;
management of change.

It could be argued that the broader the scope of bargaining and consultation, the higher the quality of industrial relations. From the previous results, pay, bonuses, holidays and working time would be minimum expectations for bargaining, with consultation arrangements covering the remainder of the list. (France is a special case and so it would be necessary to adapt this benchmark to include consultation at state level.) Some areas are clearly subject to minimum standards set in European law, such as health and safety at work, equality and social inclusion. Change management appears to be the threshold of managerial prerogative and it is only under the more sophisticated partnership arrangements that this becomes an area for joint decision-making.

In proposing a metric for this benchmark, the following criteria might be applied for each category:

**Minimum**

1. Provision of information
2. Joint consultation
3. Distributive bargaining
4. Integrative bargaining
5. Long-term partnership arrangements

**Maximum**

**Level of bargaining**

*Where localised bargaining exists, to what extent are local negotiators trained for the task?*

This was an important finding emerging from the survey and wider discussions with the social partners. While localised bargaining may offer greater flexibility to respond to local conditions, the lack of skills among local negotiators was remarked upon as a potentially serious inhibitor to improvements in industrial relations. The following metric attempts to capture the minimum expectations of sporadic general skills training (e.g. one-day courses in negotiation technique), escalating to a point where local negotiators might engage in joint strategic training and development specifically focused on the organisation or sector concerned.

**Minimum**

1. Local negotiators rely on past experience
2. Minor provision of general skills training (one side)
3. Minor provision of general skills training (both sides)
4. Specific training with time off, leading to accreditation (both sides)
5. Joint strategic training and development with time off, leading to accreditation (both sides)

**Maximum**
Durability of agreements

To what extent have the partners been able to reach sustainable robust agreements that can be built upon in the future?

This is perhaps a neglected aspect of the quality of industrial relations. While most disputes eventually end in agreement, the fragility of some settlements and the damage done to the quality of the relationship between the social partners can store up problems for the future. Substantive agreements (as on pay) lasting for more than 12 months offer partners a degree of certainty and stability, as well as the opportunity of addressing more challenging long-term issues, such as managing change. The Irish partnership agreements offer a strong example of such durable arrangements.

In assessing the durability of agreements, it is difficult to arrive at objective measures since the perceptions of the social partners will be influenced by recent events. However, the following metric may assist in testing those perceptions in terms of the stability of the most recent agreements.

Minimum

1. The agreement is considered to be fragile and is expected to break down in the very short term, with substantial potential for disputes.
2. The agreement is contentious, considered to be temporary and substantial renegotiation is anticipated in the next 12 months.
3. The agreement is fixed for 12 months, but in principle is unlikely to endure beyond that time and a substantial gap in expectations is anticipated in the next round.
4. The agreement is fixed for more than 12 months and there is general agreement that the main elements will endure to the next negotiating round.
5. The agreement is for more than 12 months and represents part of a broad partnership solution.

Maximum

Quality of information exchange and levels of trust

To what extent is information concerning the organisation’s objectives and performance freely exchanged between the social partners? Also, to what extent do the social partners engage in high-trust relationships?

An integrative bargaining approach would imply high-trust relationships between partners and a willingness to exchange information under those conditions. While sensitive strategic information may need to be protected under certain circumstances, ‘open book accounting’ is considered an important feature of learning organisations (Pedler, 1997). This openness might be extended to include suppliers, clients and community groups. Respondents in the survey repeatedly referred to attitudinal factors that strongly influence the quality of industrial relations. While accepting that attitudes can harden under difficult economic conditions, the quality of the trust relationship between negotiating partners cannot be underestimated.

Again, this would be a highly subjective area for benchmarking, but perceptions of trust are so important that any attempt to measure may be valuable. Certainly, a deterioration in perceptions of trust relationships would be an important indicator of potential problems. The question concerning the quality of information exchange is partially taken up in the bargaining benchmark
and so this metric concentrates on the extent to which relationships between the social partners can be considered to be open.

**Minimum**
1. Deep levels of distrust and antagonism exist between the social partners, with minimum levels of information exchange.
2. Procedures for discussion, consultation and negotiation between the social partners are established and operate regularly, but information is not freely exchanged.
3. The above procedures are established and effective concerning the negotiation of substantive matters, but do not provide scope for discussion of longer term and strategic matters.
4. Well-established formal procedures for discussion, consultation and negotiation operate effectively in substantive areas and are complemented by less formal consultation arrangements for discussion of longer term and strategic matters.
5. Full partnership arrangements exist, combining both formal and informal relationships with wide remit over the discussion of longer term and strategic matters, including the management of change. Also, free information exchange exists, including the sharing of sensitive data.

**Maximum**

**Worker participation**

*What arrangements exist to improve levels of worker participation in decisions affecting their employment? Also, to what extent are worker involvement arrangements effective?*

Worker participation is a central feature of high quality industrial relations. Various models exist, each developed in its particular national context. No single ‘right way’ to manage worker participation emerges, although it could be argued that the more rigid systems of co-determination are beginning to fracture under pressures for increased flexibility, particularly in terms of speed of decision-making. Thus, the key benchmark here is to what extent are arrangements for worker involvement effective.

**Minimum**
1. Arrangements exist for worker participation, but these are rarely used and are ineffective.
2. Arrangements exist for worker participation and these are used for the purpose of giving information and basic consultation.
3. Well-developed arrangements exist for worker participation at both the formal and informal level (collective and individual) and are seen to have an impact on managerial decision-making.
4. Well-developed arrangements exist, as in (3) above, and are seen to have a beneficial impact on strategic decision-making.
5. Full partnership arrangements exist, with widespread worker participation that has a beneficial impact on strategic decision-making.

**Maximum**
Dispute management

To what extent are procedures in place to minimise workplace disputes and how effective are they? Also, are arbitration and mediation facilities available and easily accessible?

Another central feature of industrial relations concerns the arrangements agreed between the social partners to facilitate the avoidance of disputes — and, when they do occur, their early settlement. This is particularly important in public sector organisations where clients have no alternative source of supply and many of the services themselves are considered essential. It is also important given that the results of the survey predict that the level of disputes will increase. It is usually the case that public sector organisations have good procedural arrangements to deal with strike activity (actually illegal in some sectors), but the avoidance of disputes is a little more complex and may critically depend in some cases on the skills of the negotiators involved. Arbitration and mediation facilities are similarly well developed in most countries, but the extent to which these are accessible, locally and in a timely manner, is an important benchmark. An arbitration facility that, for example, takes weeks to access is unlikely to be helpful in improving the quality of industrial relations.

Minimum

1. Disputes procedures exist, but have been ineffective in preventing work stoppages or other forms of industrial action (dispute levels are above average) at national, sectoral and local level.
2. Disputes procedures exist and have some effect in delaying work stoppages or other forms of industrial action at national, sectoral and local level.
3. Disputes procedures exist and are effective in reducing work stoppages or other forms of industrial action at national, sectoral or local level.
4. Disputes procedures exist that are effective in resolving disputes before resort to stoppages or other forms of industrial action at national, sectoral and local level, including a willingness to engage with mediation, conciliation and arbitration services.
5. Disputes procedures exist that are effective in resolving disputes at all levels, including timely and easy access to mediation, conciliation and arbitration services at local level.

Maximum

Skills and training

Does skills and training policy embrace life-long learning objectives?

This arises from EU and OECD policy, designed to attack problems of rigidity in the labour market, to promote higher productivity (especially through IT skills) and to improve the quality of employment. Usually, this topic does not appear on the bargaining agenda of public sector organisations and, given the long-term dimension of life-long learning, it may be necessary to find different ways of involving workers in this area of decision-making. The minimum benchmark, however, is to ensure that it is included in the strategic objectives of public sector organisations.
Minimum
1. Skills and training policy is poorly formulated and responds to skills gaps after they arise.
2. Skills and training policy is targeted at particular groups of employees, is short-term in orientation and is unevaluated.
3. Skills and training policy encompasses longer term plans, covers most employees and is evaluated.
4. Skills and training policy covers all employees, is long-term in orientation, embraces development and is evaluated.
5. Skills and training policy covers all employees and embraces the life-long learning philosophy.

Maximum

Equality and social inclusion
What special measures exist to improve external access to internal labour markets? Also, what policies exist to monitor the effectiveness of equality and social inclusion policies? Finally, to what extent do equality policies embrace broader aspects of diversity, especially age?

Again, this is a critical area for the EU, linking several aspects of policy favouring, among others, flexibility, social inclusion and reduced unemployment. Minimum standards exist in legislation (for example, on gender). However, a key question is whether employers are moving beyond the narrow agenda that ensures compliance with the law towards policies aimed at generating improved diversity in terms of age, ethnicity, social background, education, physical ability, sexual orientation and long-term illness.

Minimum
1. Minimum legal protections are observed concerning equality of opportunity (race, gender, disability), but these have not been effective.
2. Legal protections are observed, as in (1) above, and there is evidence that these have had some effect in improving equality of opportunity.
3. Broader policy measures have been introduced to cover age and sexual orientation, and these are effective; monitoring arrangements are in place.
4. Broad policy measures exist, as in (3) above, and extend to social background and diversity management, and these are effective.
5. Affirmative action and diversity programmes are in place and are effective in improving equal opportunities, broadly defined and promoting social inclusion.

Maximum

Health and safety
Do health and safety policies address broader issues of psycho-social health?

Again, this is a highly regulated area of industrial relations policy. The literature suggests that forward-thinking organisations are turning their attention seriously to problems of psycho-social health, especially stress-related illness (Cooper, 1996 and 2000), and the way in which this may be linked to initiatives in a work – life balance.
## The quality of industrial relations in the European public sector

### Minimum

1. Minimum compliance with health and safety legislation, poor evidence of improvements in health and safety conditions.
2. Compliance with health and safety legislation, with some evidence of improvements in health and safety standards and effective monitoring procedures.
3. Proactive approach to the management of health and safety issues beyond legal compliance, with involvement of employee representatives and demonstrating evidence of improved standards.
4. Comprehensive approach to the management of health and safety within and beyond the workplace, with involvement of employee representatives and demonstrating evidence of improved workforce health.
5. Strategic approach to the management of health and safety risks within and beyond the workplace, including engagement with research on such matters, particularly concerning psycho-social health.

### Maximum

### Work organisation and work–life balance

What are the arrangements for employee protection against extended working hours and are they effective? Is there any evidence of innovative approaches to the management of working time? To what extent are issues of work–life balance addressed in the organisation of work and are these the subject of dialogue?

This has been a major theme emerging in HRM and industrial relations reporting. In response to problems of skills shortage, the need for extended hours and the desire to create more diverse workforces, employers have turned their attention to tailoring the organisation of work (especially working time, but also work location) to the needs of individuals with other responsibilities, especially working women with dependents and older workers who will be needed to cover projected shortfalls in the supply of experienced staff.

### Minimum

1. Minimum legal protections are observed concerning working time, working hours and holiday entitlement.
2. Working time, working hours and holiday entitlement are offered at a level just above minimum legal protections.
3. Substantial improvements above minimum legal protections are negotiated and agreed.
4. A comprehensive approach is negotiated and agreed concerning the management of working time, working hours and leave entitlement, including mutually beneficial flexible staffing arrangements.
5. A strategic and innovative approach to the management of work – life balance is agreed under partnership arrangements, ensuring flexibility, fairness and equality of opportunity, and promoting social inclusion.

### Maximum
Workplace ethics and commitment

What policies are in place to protect and promote ethical behaviour in the workplace and how much commitment is there to them among the social partners? Also, is there evidence of special motivational schemes to foster and develop workplace commitment and, if so, what is the effectiveness of these?

The public sector depends heavily on the commitment of its staff, who often have to work under difficult conditions. There is also increasing scrutiny of public sector organisations in terms of public accountability. Two policies that would benchmark together concern the extent to which policy supports ethical behaviour and continues the tradition of a public sector ethos.

Minimum

1. Sporadic initiatives to stimulate workplace commitment in response to dealing with urgent problems of demotivation.
2. Regular and repeated motivational programmes, supported and valued by staff.
3. Well-developed staff appraisal schemes, supported by motivational initiatives and training for all staff.
4. Formulation of policy to promote ethical behaviour in the workplace, together with structures and processes to support this, e.g. whistle-blowing policies.
5. Widespread dialogue within and beyond the workplace on ethics, social responsibility and standards of corporate governance, resulting in actual improvement.

Maximum

Labour shortage

To what extent are labour supply problems monitored and reported? Also, what remedial policies are in place to deal with supply problems and what is the impact of these?

A number of these benchmarks are associated with problems of labour supply. As well as the persistent problem of unemployment in most countries, there also exists a problem of skills shortage — a more severe problem in the opinion of industrial relations experts. Measures to make the public sector the ‘employer of choice’ are urgently required across a range of issues, including pay, career development, job security and organisational image.

Minimum

1. Areas of labour shortage are identified and responded to as they arise.
2. Areas of potential labour shortage are identified in advance and recruitment of new staff is initiated (short term).
3. Labour supply shortages are anticipated and actions taken to improve the recruitment, retention and training of staff (medium term).
4. Comprehensive human resource planning systems are in use and are effective in predicting longer term recruitment, retention and training requirements.
5. Strategic human resource planning takes place, with emphasis on career and organisational development.

Maximum
The quality of industrial relations in the European public sector

The 12 quality benchmarks

Derived from the literature review and survey, this discussion on benchmarking has proposed a series of 12 benchmarks on the quality of industrial relations that may be of value for self-assessment purposes in public sector organisations. The 5-point metrics address the following topics:

- scope of bargaining;
- extent of training for local negotiators;
- durability of agreements;
- quality of information exchange and levels of trust;
- worker participation;
- dispute management;
- skills and training policy (and the fit with life-long learning);
- equality and social inclusion;
- health and safety policy (including psycho-social health);
- work organisation and work – life balance;
- workplace ethics and commitment;
- policies to deal with labour shortage.

The criteria offered suggest a range from basic coverage (the minimum that would be expected either by law or custom and practice) to sophisticated arrangements for consultation and bargaining in key areas of public sector decision-making.

Supplementary data on key indicators (such as working days lost due to stoppage, levels of labour turnover and records of absenteeism) would also be helpful for comparative analysis. Each of the proposed benchmarks is essentially qualitative and subjective. So, for example, questions concerning levels of trust would need to be interpreted carefully in context. In use, the benchmarks should be accompanied by qualitative comment to help explain local contexts.
This study has examined the quality of industrial relations in the European public sector in five countries, including detailed survey results from four countries — Finland, Germany, Ireland and Italy (insufficient responses from local government representatives in France meant the survey was not carried out there). Each of these countries was thought to represent different styles of industrial relations, differentiated in terms of historical and cultural development, institutional arrangements and economic and political backgrounds.

In terms of economic contexts, it could be argued that these countries are converging towards a common model of macro-economic management, based on the low inflation discipline of the Eurozone. While there is no evidence of convergence to a single model of industrial relations, some common pressures for change have been observed, particularly in the management of public sector finances. The need for reforms to achieve higher levels of flexibility in employment and increased efficiency challenges public sector staff and managers in similar ways; in addition, there are rising expectations in terms of public accountability, ethical transparency and client service — all implying the highest standards of corporate governance. The special employment relationships that many public servants enjoyed (including pension arrangements) are now under pressure to come into alignment with private sector conditions. At the same time, because of cash limits, public sector employers are generally not able to manipulate remuneration and rewards to secure staff commitment and attract talented new recruits. The responses to these common pressures have varied between the countries studied and it is likely that even more diversity is present in other parts of Europe.

Broadly, we can identify strategic, long-term responses from Ireland and Finland. Matched in their complexity, these responses can be characterised by several series of complex negotiations over pay parity, in combination with high level commitments to tackle some of the most serious threats to economic and social stability, namely unemployment and social exclusion. In both cases, industrial relations solutions cannot be divorced from the contexts of their political economy. Ireland’s partnership arrangements are now embedded and the success of this offers a way forward for other small countries. The philosophy underpinning partnership is deeply pluralist, although there is an obvious influence of modern (private sector) human resources management techniques, with a greater emphasis on individualism. Finland has engaged localised bargaining with real enthusiasm in the quest for greater flexibility, but also embraced HRM techniques such as performance-based and value-based pay. In both cases, new public management techniques are evident. Concerns that have been highlighted include the need for management development and the risk of overload on local managers.

The success of reforms in all countries must be measured against the resources that are allocated to the public services in transition periods. Where acute resource problems are evident, the quality of industrial relations might be expected to deteriorate. In this study, Germany and France present cause for concern. In both cases, the level of inflexibility historically built into public service employment is giving rise to an inertia that may be difficult to overcome. Sensitivity is required in interpreting these situations. For ‘inertia’ one could read ‘stability and certainty’, but very few expert commentators doubt that public sector reform is inevitable; without careful handling at the highest political levels, there will be widespread conflict, especially over pensions and job security. So far, there is no evidence of a strategic approach in these cases.

Italy presents us with a case of uncertainty. Sharing with France and Germany the limitations of constitutional regulation, there is a very clear desire to liberalise many aspects of labour market
control. The style of negotiation has been furious rather than painstaking, and from this we might expect either radical solutions or no change at all. A period of consolidation around local bargaining arrangements would probably be beneficial, not least to allow time for local negotiators to become competent in their roles.

The scope of bargaining in most countries does not extend into more complex (strategic) areas of negotiation, such as change management. For public sector reform to be successful, it would seem essential that this subject becomes a regular item on national and local bargaining agendas. Similarly, work organisation and skills formation are neglected areas. In developing the benchmarking criteria, it was important to consider what is achievable in this direction. The criteria offered suggest a range from basic coverage, or the minimum that would be expected either by law or custom and practice, to sophisticated arrangements for consultation and bargaining in key areas of public sector decision-making. Importantly, it is the effectiveness of these arrangements that requires monitoring. Some of the most well-established mechanisms for employee participation are showing signs of corrosion and even the enlightened Irish model is at risk of becoming bogged down in bureaucracy.

Comparative research is always fraught with difficulty, particularly in the gathering of qualitative data. Not surprisingly, this project has generated further questions that may be of value in follow-up studies.

Firstly, the selection of five countries for study was intended to provide a sample of the diversity of industrial relations models existing in Europe. The stereotype classifications of these countries (as, for example, Anglo-Saxon or southern European) were unhelpful to begin with, particularly when they were embedded in systems theory, with its emphasis on inputs, processes and outputs. There may be mileage in attempting to reclassify national arrangements with less attention to institutions and greater attention to the behaviour of those actors who are in a position to make strategic choices and the contexts in which they operate. Ireland has very obviously moved from the Anglo-Saxon model to its unique partnership approach. Thus, the 'Celtic model' may well be informative to other small countries seeking to achieve consensus in a process of complex reform.

Secondly, the exclusion of other countries from the study makes it difficult to generalise from these results. The UK, thought to be a significant outlier in terms of industrial relations, has gone further along the road to flexibility and reform than most other European countries. While 'pioneers' often suffer disastrous consequences, the lessons and road maps that they bequeath must be of value in terms of learning throughout the EU community.

Thirdly, a key area for further research must be the quality of industrial relations in the new accession economies to the EU. While this study has shown little diversity in terms of equality, social inclusion and health and safety policy and practice, this is not expected to be the case in the 10 acceding countries. Pay differentials are also likely to be significant and the kind of levelling-up problems that Germany has coped with since unification in this respect would make an excellent illustrative study for consideration by policy-makers.

Finally, a critical area for research concerns the issue of employees' pensions. Almost every country in Europe finds itself in difficulty over this matter and it is clear that a coordinated European response would be beneficial.
Bibliography


The quality of industrial relations in the European public sector


German News, *Schroeder plans to reform secondary wage cuts from 42% to 40%*, www.mathematik.uni_ulm.de (March 2003a).


Appendix 1
Profiles of survey respondents

Originally the survey was intended to cover five countries — Finland, France, Germany, Ireland and Italy. A sample of 12 experts from each country was selected to be broadly representative of the social partners: they were drawn from the trade unions, local government management, government officials and the international academy. Most of these experts were either co-nominated by social partners who had attended the Dublin Seminar in November 2002. In the case of France and Ireland, there were no co-nominations and so it was necessary to engage in ‘cold-calling’ to identify appropriate experts to participate in the survey. There were no responses from France, despite considerable encouragement by the researchers, and so regrettably this country was excluded from the report. The responses from Ireland were also very limited, with no response from the trade union partners. While this was disappointing, the main public sector trade union in Ireland, IMPACT, does provide high-quality information on its website and this has proved to be valuable to this project.

Excluding France, from a sample of 48 experts, there were 26 responses. Tables A1.1 and A1.2 illustrate the profiles of respondents as regards their status and country.

### Table A1.1  Profile of respondents — Status

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade union</td>
<td>43</td>
<td>56</td>
<td>0</td>
<td>29</td>
<td>39</td>
</tr>
<tr>
<td>Employer</td>
<td>0</td>
<td>11</td>
<td>67</td>
<td>29</td>
<td>19</td>
</tr>
<tr>
<td>Government</td>
<td>29</td>
<td>0</td>
<td>0</td>
<td>29</td>
<td>15</td>
</tr>
<tr>
<td>Academic</td>
<td>14</td>
<td>22</td>
<td>33</td>
<td>13</td>
<td>19</td>
</tr>
<tr>
<td>Other</td>
<td>14</td>
<td>11</td>
<td>0</td>
<td>0</td>
<td>8</td>
</tr>
</tbody>
</table>

### Table A1.2  Profile of respondents — Country

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finland</td>
<td>27</td>
<td>35</td>
<td>11</td>
<td>27</td>
</tr>
</tbody>
</table>

The survey (see Appendix 2), was circulated by e-mail, to be returned in the same fashion. The text of the survey was translated from English into French, German and Italian, and respondents were invited to respond in their own language (including Finnish). Most respondents replied in their native language, necessitating further translation. Of course, all translations will be imperfect in some way.

A summary of the results has been circulated back to the respondents by e-mail, with a request for further comments and to test the extent of agreement about the conclusions emerging from the project.
Collective bargaining arrangements

These questions concern the changing nature and scope of collective bargaining arrangements in local government employment.

On the left is a question concerned with what happens currently and how it happens, and on the right a question about the future.

Please mark the boxes as appropriate. For example, if pay is the subject of collective bargaining mark the ‘yes’ box on the left and the box showing at what level that happens. Do this for all the headings and then indicate in the boxes on the right what you think will happen in the future by marking the appropriate boxes.

<table>
<thead>
<tr>
<th>Covered by collective bargaining and how?</th>
<th>By 2007 Still covered and how covered?</th>
</tr>
</thead>
<tbody>
<tr>
<td>In 2002</td>
<td>Yes</td>
</tr>
<tr>
<td>National (all public sector)</td>
<td></td>
</tr>
<tr>
<td>All local government</td>
<td></td>
</tr>
<tr>
<td>Regional local government</td>
<td></td>
</tr>
<tr>
<td>Local workplaces</td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

Scope:
- Pay
- Bonuses
- Holidays
- Working time
- Job grading
- Work organisation
- Skills and training
- Job security:
  - Use of fixed-term contracts
  - Redundancies
- Health and safety
- Equality
- Change management

In 2002

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<tbody>
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<td>Yes</td>
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<tr>
<td>National (all public sector)</td>
<td></td>
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<tr>
<td>All local government</td>
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</tr>
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<td>Regional local government</td>
<td></td>
</tr>
<tr>
<td>Local workplaces</td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

Scope:
- Pay
- Bonuses
- Holidays
- Working time
- Job grading
- Work organisation
- Skills and training
- Job security:
  - Use of fixed-term contracts
  - Redundancies
- Health and safety
- Equality
- Change management
Pay

These questions ask for your views on changes in the nature of pay determination.

How would you assess the importance of the following approaches to pay in the local government sector currently:

<table>
<thead>
<tr>
<th>Approach</th>
<th>Very important</th>
<th>Some importance</th>
<th>Not important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay for individual performance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pay for group performance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job evaluation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seniority pay</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Do you anticipate any changes in the way that pay is determined in local government in the next 5 years? If so, please state what these are.

These questions ask you for your opinion on the nature and management of industrial disputes in local government.

To what extent are the following types of dispute more or less likely to occur in the next 5 years?

<table>
<thead>
<tr>
<th>Dispute Type</th>
<th>More likely 1</th>
<th>No change 2</th>
<th>Less likely 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hours</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job security</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work organisation</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Do you anticipate changes in the way that disputes are resolved in future, e.g. concession bargaining, arbitration. If so, please state what these are.

Quality of industrial relations

These questions ask for your views on the quality of industrial relations now and in the future.

How would you assess the quality of industrial relations in local government at the present time? (Please mark the boxes that best represent your views.)

<table>
<thead>
<tr>
<th>Quality Aspect</th>
<th>High quality 1 2 3 4 5</th>
<th>Low quality Limited scope of bargaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wide scope of bargaining</td>
<td></td>
<td>Limited scope of bargaining</td>
</tr>
<tr>
<td>High level of worker involvement</td>
<td></td>
<td>Low level of worker involvement</td>
</tr>
<tr>
<td>Low level of disputes</td>
<td></td>
<td>High level of disputes</td>
</tr>
<tr>
<td>Lasting agreements</td>
<td></td>
<td>Fragile and temporary compromises</td>
</tr>
<tr>
<td>Improved quality of working lives</td>
<td></td>
<td>Reduced quality of working lives</td>
</tr>
<tr>
<td>Consensual</td>
<td></td>
<td>Antagonistic</td>
</tr>
</tbody>
</table>
Do you think that the quality of industrial relations is likely to change over the next 5 years?

- Improve
- No change
- Deteriorate

Please explain your reasons for this answer.

What changes would bring about the most significant improvements in the quality of industrial relations? Please state.

What constraints might prevent improvement in the quality of industrial relations?

What are the most contentious issues in local government industrial relations currently?

What do you think will be the most contentious issues in local government industrial relations in the future?

Any other comments?

**Representation, participation, dialogue and worker involvement**

What influence do trade unions have in local government workplaces?

- Very strong influence
- Some influence
- No influence

Do you expect the level of trade union influence to change in the next 5 years?

- Increase
- No change
- Decrease

Do any of the following arrangements for worker involvement have a significant influence in local government workplaces and do they apply to all staff?

<table>
<thead>
<tr>
<th>Works/staff councils?</th>
<th>Very strong influence</th>
<th>Some influence</th>
<th>No influence</th>
<th>Permanent staff only?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality circles?</td>
<td></td>
<td></td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>Employee directors/governors?</td>
<td></td>
<td></td>
<td></td>
<td>Yes</td>
</tr>
</tbody>
</table>

How would you assess the effectiveness of these arrangements?

<table>
<thead>
<tr>
<th>Highly effective</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>Not at all effective</th>
<th>5</th>
</tr>
</thead>
</table>

Do you anticipate any significant changes in the arrangements for worker participation in the next 5 years? Please state.

What changes would bring about the most significant improvements in worker participation?

What constraints might prevent improvements in worker participation?
Equality and social inclusion

What measures have been introduced to improve equality and social inclusion in local government employment? Please state.

How effective are these measures in terms of achieving equality and social inclusion in the following areas:

<table>
<thead>
<tr>
<th></th>
<th>Highly effective</th>
<th>2</th>
<th>Some effect</th>
<th>3</th>
<th>4</th>
<th>Not at all effective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Race/ethnicity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social background</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

Do you anticipate any significant changes in policy to improve equality and social inclusion in the next 5 years? Please state.

Do you think that levels of equality and social inclusion are likely to improve in the next 5 years?

<table>
<thead>
<tr>
<th></th>
<th>Improve significantly</th>
<th>No change</th>
<th>Deteriorate</th>
</tr>
</thead>
</table>

What constraints might prevent improvement in equality and social inclusion?

Flexicurity

These questions are concerned with the balance between flexibility and job security.

Part-time and temporary employment

Do you think that the use of part-time and temporary contracts is likely to change in the next 5 years?

<table>
<thead>
<tr>
<th></th>
<th>Increase</th>
<th>No change</th>
<th>Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part-time</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed-term</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Job security

Do you think that job security in local government will become more or less secure in the next 5 years?

<table>
<thead>
<tr>
<th></th>
<th>More secure</th>
<th>No change</th>
<th>Less secure</th>
</tr>
</thead>
<tbody>
<tr>
<td>For manual staff</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For administrative staff</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For professional/technical staff</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For managerial staff</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Changes in working hours
On average, do you expect working hours to:

- Increase
- No change
- Decrease
- Become more flexible
- No change
- Become less flexible

Are you aware of any innovative approaches to the management of working time? Please state.

Labour shortages
Do you think that there is a problem with labour shortage in local government currently?

- Major shortage
- Some shortage
- No shortage

Do you think that problems of labour shortage are likely to arise in local government in the next 5 years?

- Major shortage
- Some shortage
- No shortage

What changes would bring about the most significant improvements in staff recruitment and retention?

What constraints might prevent improvements in staff recruitment and retention? Please state.

Finally, a little about you:

Are you:
- A trade union representative
- A local government manager
- A government official
- An academic
- Other (please state)

What is your home country:
- Finland
- France
- Germany
- Ireland
- Italy
Appendix 3
Scope and coverage of collective bargaining in 2002

In most cases, basic conditions of service (pay, bonuses, holidays) are the subject of collective bargaining. Broader issues touching on strategic choice, such as equality and change management, are either dealt with very locally or not at all. There is little evidence of partnership in the more strategic areas of work organisation.

Table A3.1 shows the results for pay bargaining. Italy stands out in terms of centralised bargaining, closely followed by Germany with some multi-level coverage. Finland is the least centralised. There is no local workplace bargaining at all, which was to be expected.

Table A3.1  Bargaining over pay

<table>
<thead>
<tr>
<th></th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>National (all public sector)</td>
<td>29</td>
<td>67</td>
<td>33</td>
<td>71</td>
<td>54</td>
</tr>
<tr>
<td>All local government</td>
<td>14</td>
<td>0</td>
<td>33</td>
<td>29</td>
<td>15</td>
</tr>
<tr>
<td>Regional local government</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Local workplaces</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Multi-level coverage</td>
<td>57</td>
<td>33</td>
<td>33</td>
<td>0</td>
<td>31</td>
</tr>
<tr>
<td>No coverage</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Table A3.2 shows the results for bargaining over bonuses. Here we see great diversity in practice, with multi-level coverage the norm and some evidence of workplace bargaining in Finland and Italy.

Table A3.2  Bargaining over bonuses

<table>
<thead>
<tr>
<th></th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>National (all public sector)</td>
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<td>44</td>
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<td>All local government</td>
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<td>67</td>
<td>14</td>
<td>11.5</td>
</tr>
<tr>
<td>Regional local government</td>
<td>0</td>
<td>0</td>
<td>33</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Local workplaces</td>
<td>14</td>
<td>0</td>
<td>0</td>
<td>14</td>
<td>8</td>
</tr>
<tr>
<td>Multi-level coverage</td>
<td>43</td>
<td>56</td>
<td>0</td>
<td>71</td>
<td>50</td>
</tr>
<tr>
<td>No coverage</td>
<td>43</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>11.5</td>
</tr>
</tbody>
</table>

Table A3.3 shows the results concerning bargaining over holidays. In most cases these are established at national level, with some multi-level coverage. In some cases, holiday entitlement is established in law.
Table A3.3 Bargaining over holidays

<table>
<thead>
<tr>
<th></th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>National (all public sector)</td>
<td>43</td>
<td>78</td>
<td>67</td>
<td>43</td>
<td>58</td>
</tr>
<tr>
<td>All local government</td>
<td>14</td>
<td>0</td>
<td>33</td>
<td>29</td>
<td>15</td>
</tr>
<tr>
<td>Regional local government</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Local workplaces</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Multi-level coverage</td>
<td>43</td>
<td>22</td>
<td>0</td>
<td>29</td>
<td>27</td>
</tr>
<tr>
<td>No coverage</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Table A3.4 shows the extent of collective bargaining over working time (hours of work). Here we see very little centralisation, but a degree of localised or multi-level bargaining is taking place. This is perhaps one of the greatest sources of flexibility in local government employment.

Table A3.4 Bargaining over working time

<table>
<thead>
<tr>
<th></th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>National (all public sector)</td>
<td>14</td>
<td>22</td>
<td>0</td>
<td>14</td>
<td>15</td>
</tr>
<tr>
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<td>14</td>
<td>0</td>
<td>33</td>
<td>14</td>
<td>11.5</td>
</tr>
<tr>
<td>Regional local government</td>
<td>0</td>
<td>0</td>
<td>33</td>
<td>0</td>
<td>3.8</td>
</tr>
<tr>
<td>Local workplaces</td>
<td>0</td>
<td>22</td>
<td>33</td>
<td>0</td>
<td>11.5</td>
</tr>
<tr>
<td>Multi-level coverage</td>
<td>57</td>
<td>56</td>
<td>0</td>
<td>71</td>
<td>54</td>
</tr>
<tr>
<td>No coverage</td>
<td>14</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
</tbody>
</table>

Table A3.5 shows the level and extent of bargaining concerning job grading. This refers to the pay scales that typically are used in local government employment and are often based on job evaluation studies. Multi-level coverage is dominant in Finland and Italy, although we see a degree of localisation in all countries. Job evaluation is a complex process, often conducted and implemented locally within national guidelines.

Table A3.5 Bargaining over job grading

<table>
<thead>
<tr>
<th></th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>National (all public sector)</td>
<td>29</td>
<td>33</td>
<td>17</td>
<td>0</td>
<td>23</td>
</tr>
<tr>
<td>All local government</td>
<td>0</td>
<td>0</td>
<td>33</td>
<td>14</td>
<td>8</td>
</tr>
<tr>
<td>Regional local government</td>
<td>0</td>
<td>11</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Local workplaces</td>
<td>14</td>
<td>22</td>
<td>33</td>
<td>14</td>
<td>19</td>
</tr>
<tr>
<td>Multi-level coverage</td>
<td>57</td>
<td>0</td>
<td>0</td>
<td>71</td>
<td>35</td>
</tr>
<tr>
<td>No coverage</td>
<td>0</td>
<td>33</td>
<td>0</td>
<td>0</td>
<td>11.5</td>
</tr>
</tbody>
</table>

Table A3.6 shows the extent to which work organisation features on the collective bargaining agenda. (Here we are referring to matters of staff deployment that are often considered to be an area of managerial prerogative.) In most cases, this is not negotiated collectively at all. Where negotiation does occur, it tends to be localised.
Table A3.6 Bargaining over work organisation

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>National (all public sector)</td>
<td>0</td>
<td>11</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>All local government</td>
<td>0</td>
<td>0</td>
<td>33</td>
<td>29</td>
<td>11.5</td>
</tr>
<tr>
<td>Regional local government</td>
<td>0</td>
<td>0</td>
<td>33</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Local workplaces</td>
<td>29</td>
<td>22</td>
<td>33</td>
<td>0</td>
<td>19</td>
</tr>
<tr>
<td>Multi-level coverage</td>
<td>14</td>
<td>0</td>
<td>0</td>
<td>29</td>
<td>11.5</td>
</tr>
<tr>
<td>No coverage</td>
<td>57</td>
<td>67</td>
<td>0</td>
<td>43</td>
<td>50</td>
</tr>
</tbody>
</table>

Table A3.7 shows the results for coverage of bargaining over skills and training. Again, as the issues become more individualised, the level and extent of bargaining decline.

Table A3.7 Bargaining over skills and training

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>National (all public sector)</td>
<td>14</td>
<td>11</td>
<td>0</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>All local government</td>
<td>0</td>
<td>0</td>
<td>33</td>
<td>29</td>
<td>11.5</td>
</tr>
<tr>
<td>Regional local government</td>
<td>0</td>
<td>11</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Local workplaces</td>
<td>14</td>
<td>22</td>
<td>33</td>
<td>14</td>
<td>19</td>
</tr>
<tr>
<td>Multi-level coverage</td>
<td>29</td>
<td>0</td>
<td>33</td>
<td>57</td>
<td>27</td>
</tr>
<tr>
<td>No coverage</td>
<td>43</td>
<td>56</td>
<td>0</td>
<td>0</td>
<td>31</td>
</tr>
</tbody>
</table>

Table A3.8 shows the scope and coverage of bargaining concerning fixed-term contracts. This was one of the key issues emerging from the literature search, where many concerns were raised about the security of employment in public services. The results are scattered and seem to suggest that this issue is not being approached strategically in the local government sector.

Table A3.8 Bargaining over fixed-term contracts

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>National (all public sector)</td>
<td>0</td>
<td>22</td>
<td>33</td>
<td>29</td>
<td>19</td>
</tr>
<tr>
<td>All local government</td>
<td>14</td>
<td>0</td>
<td>33</td>
<td>29</td>
<td>15</td>
</tr>
<tr>
<td>Regional local government</td>
<td>0</td>
<td>22</td>
<td>0</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>Local workplaces</td>
<td>29</td>
<td>11</td>
<td>33</td>
<td>14</td>
<td>19</td>
</tr>
<tr>
<td>Multi-level coverage</td>
<td>29</td>
<td>22</td>
<td>0</td>
<td>29</td>
<td>19</td>
</tr>
<tr>
<td>No coverage</td>
<td>29</td>
<td>33</td>
<td>0</td>
<td>0</td>
<td>19</td>
</tr>
</tbody>
</table>

Table A3.9 shows the coverage of bargaining concerning redundancies. Clearly, national laws are important in this respect. Italy has the most centralised bargaining arrangements. German respondents report no coverage in a lot of cases and this is worthy of further investigation.
Table A3.9: Bargaining over redundancies

<table>
<thead>
<tr>
<th></th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>National (all public sector)</td>
<td>29</td>
<td>11</td>
<td>33</td>
<td>43</td>
<td>27</td>
</tr>
<tr>
<td>All local government</td>
<td>14</td>
<td>0</td>
<td>67</td>
<td>29</td>
<td>19</td>
</tr>
<tr>
<td>Regional local government</td>
<td>0</td>
<td>11</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Local workplaces</td>
<td>14</td>
<td>11</td>
<td>0</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>Multi-level coverage</td>
<td>29</td>
<td>22</td>
<td>0</td>
<td>14</td>
<td>23</td>
</tr>
<tr>
<td>No coverage</td>
<td>14</td>
<td>44</td>
<td>0</td>
<td>14</td>
<td>19</td>
</tr>
</tbody>
</table>

Table A3.10 shows that most countries have some bargaining at national level concerning health and safety (or multi-level). Again, these results should be read in conjunction with national laws and European directives. It could be argued that health and safety is not really a matter for bargaining; it is rather an obligation and the only discussion to be had concerns local implementation and the role of representatives.

Table A3.10: Bargaining over health and safety

<table>
<thead>
<tr>
<th></th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>National (all public sector)</td>
<td>43</td>
<td>38</td>
<td>33</td>
<td>14</td>
<td>32</td>
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</tr>
<tr>
<td>Regional local government</td>
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</tr>
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<td>14</td>
<td>8</td>
</tr>
<tr>
<td>Multi-level coverage</td>
<td>14</td>
<td>0</td>
<td>0</td>
<td>71</td>
<td>24</td>
</tr>
<tr>
<td>No coverage</td>
<td>43</td>
<td>62</td>
<td>0</td>
<td>0</td>
<td>32</td>
</tr>
</tbody>
</table>

Table A3.11 shows the results for bargaining concerning equality. This was broadly defined. In every case, national laws and European directives apply, and this subject does not feature strongly on local bargaining agendas, except in Italy.

Table A3.11: Bargaining over equality

<table>
<thead>
<tr>
<th></th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>National (all public sector)</td>
<td>29</td>
<td>38</td>
<td>33</td>
<td>14</td>
<td>28</td>
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</tr>
<tr>
<td>Local workplaces</td>
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<td>14</td>
<td>8</td>
</tr>
<tr>
<td>Multi-level coverage</td>
<td>14</td>
<td>37</td>
<td>0</td>
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<tr>
<td>No coverage</td>
<td>57</td>
<td>25</td>
<td>0</td>
<td>0</td>
<td>24</td>
</tr>
</tbody>
</table>

Table A3.12 shows the extent to which change management features on collective bargaining agendas. Clearly, this is either highly localised or does not happen at all. Perhaps this represents the threshold of managerial prerogative.
The quality of industrial relations in the European public sector

### Table A3.12  Bargaining over change management

<table>
<thead>
<tr>
<th></th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
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<td>17</td>
<td>12.5</td>
</tr>
<tr>
<td>Regional local government</td>
<td>0</td>
<td>12.5</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Local workplaces</td>
<td>14</td>
<td>25</td>
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<td>17</td>
</tr>
<tr>
<td>Multi-level coverage</td>
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<td>25</td>
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<tr>
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<td>57</td>
<td>37.5</td>
<td>0</td>
<td>67</td>
<td>46</td>
</tr>
</tbody>
</table>
Appendix 4
Scope and coverage of collective bargaining in 2007

This section of the survey asked respondents to look forward five years, to 2007, and to consider to what extent the scope and coverage of collective bargaining might alter. These responses are based upon the expert opinions of the respondents.

In almost every category, respondents felt that there would be an increase in localised bargaining or no change. Changes around negotiation of basic pay are not anticipated, although increased localisation of bargaining over bonuses and working time is expected (two of the main elements of employment flexibility). There are indications that ‘softer’ issues, such as change management, may become a feature of the bargaining agenda of local government employers.

Table A4.1 on pay bargaining is conclusive overall. Finnish respondents expect it to become more localised (this is a continuing trend), but in most cases no change is expected. This is not surprising given the size of the workforces involved and the time that it would take to radically alter established systems of pay determination.

Table A4.1  Bargaining over pay

<table>
<thead>
<tr>
<th></th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>More localised</td>
<td>86</td>
<td>33</td>
<td>33</td>
<td>0</td>
<td>40</td>
</tr>
<tr>
<td>No change</td>
<td>14</td>
<td>67</td>
<td>67</td>
<td>83</td>
<td>56</td>
</tr>
<tr>
<td>Less localised</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>No coverage</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>17</td>
<td>4</td>
</tr>
</tbody>
</table>

Table A4.2 suggests that respondents felt that bargaining over bonuses would become much more localised. This fits with expectations of increased flexibility in local government remuneration.

Table A4.2  Bargaining over bonuses

<table>
<thead>
<tr>
<th></th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>More localised</td>
<td>57</td>
<td>44</td>
<td>67</td>
<td>67</td>
<td>56</td>
</tr>
<tr>
<td>No change</td>
<td>14</td>
<td>56</td>
<td>33</td>
<td>17</td>
<td>32</td>
</tr>
<tr>
<td>Less localised</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>No coverage</td>
<td>29</td>
<td>0</td>
<td>0</td>
<td>17</td>
<td>12</td>
</tr>
</tbody>
</table>

Table A4.3 shows that bargaining over holidays is likely to remain unchanged. This does not appear to be a very contentious issue in local government employment.
Table A4.3 Bargaining over holidays

<table>
<thead>
<tr>
<th></th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>More localised</td>
<td>14</td>
<td>22</td>
<td>33</td>
<td>0</td>
<td>16</td>
</tr>
<tr>
<td>No change</td>
<td>86</td>
<td>78</td>
<td>67</td>
<td>83</td>
<td>80</td>
</tr>
<tr>
<td>Less localised</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>No coverage</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>17</td>
<td>4</td>
</tr>
</tbody>
</table>

Table A4.4 shows that most respondents expect bargaining over working-time arrangements to become increasingly localised, especially so in Germany. This is a key area of flexibility for local government employers.

Table A4.4 Bargaining over working time

<table>
<thead>
<tr>
<th></th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>More localised</td>
<td>57</td>
<td>78</td>
<td>33</td>
<td>50</td>
<td>60</td>
</tr>
<tr>
<td>No change</td>
<td>43</td>
<td>11</td>
<td>67</td>
<td>33</td>
<td>32</td>
</tr>
<tr>
<td>Less localised</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>No coverage</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>17</td>
<td>4</td>
</tr>
</tbody>
</table>

Table A4.5 shows that negotiations over job grading is likely to be unchanged or more localised. Germany and Italy, in particular, report greater localisation, again supporting the notion of a push for flexibility.

Table A4.5 Bargaining over job grading

<table>
<thead>
<tr>
<th></th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>More localised</td>
<td>14</td>
<td>44</td>
<td>33</td>
<td>67</td>
<td>40</td>
</tr>
<tr>
<td>No change</td>
<td>71</td>
<td>44</td>
<td>67</td>
<td>17</td>
<td>48</td>
</tr>
<tr>
<td>Less localised</td>
<td>14</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>No coverage</td>
<td>0</td>
<td>11</td>
<td>0</td>
<td>17</td>
<td>8</td>
</tr>
</tbody>
</table>

Table A4.6 shows that work organisation may increase in importance on local bargaining agendas in Italy and Ireland (where local partnership arrangements are important). However, in most cases respondents did not feel that this would be central to collective bargaining agendas.

Table A4.6 Bargaining over work organisation

<table>
<thead>
<tr>
<th></th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>More localised</td>
<td>14</td>
<td>12.5</td>
<td>100</td>
<td>50</td>
<td>33</td>
</tr>
<tr>
<td>No change</td>
<td>29</td>
<td>37.5</td>
<td>0</td>
<td>0</td>
<td>21</td>
</tr>
<tr>
<td>Less localised</td>
<td>14</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>No coverage</td>
<td>43</td>
<td>50</td>
<td>0</td>
<td>50</td>
<td>42</td>
</tr>
</tbody>
</table>
Table A4.7 shows that Ireland and Italy expect to see more local bargaining over skills and training, but in most cases no change is anticipated. German respondents suggest that there will be no coverage; however, national laws apply to training in Germany and this may explain that result.

<table>
<thead>
<tr>
<th></th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Finland</td>
</tr>
<tr>
<td>More localised</td>
<td>14</td>
</tr>
<tr>
<td>No change</td>
<td>57</td>
</tr>
<tr>
<td>Less localised</td>
<td>0</td>
</tr>
<tr>
<td>No coverage</td>
<td>29</td>
</tr>
</tbody>
</table>

Table A4.8 provides a very scattered set of opinions. It is only in Ireland that more localised bargaining is expected over fixed-term contracts.

<table>
<thead>
<tr>
<th></th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Finland</td>
</tr>
<tr>
<td>More localised</td>
<td>0</td>
</tr>
<tr>
<td>No change</td>
<td>57</td>
</tr>
<tr>
<td>Less localised</td>
<td>14</td>
</tr>
<tr>
<td>No coverage</td>
<td>29</td>
</tr>
</tbody>
</table>

Table A4.9 shows the extent to which respondents felt that bargaining over redundancies might become more localised. With the exception of Ireland, most countries report no change.

<table>
<thead>
<tr>
<th></th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Finland</td>
</tr>
<tr>
<td>More localised</td>
<td>0</td>
</tr>
<tr>
<td>No change</td>
<td>86</td>
</tr>
<tr>
<td>Less localised</td>
<td>0</td>
</tr>
<tr>
<td>No coverage</td>
<td>14</td>
</tr>
</tbody>
</table>

Table A4.10 shows that most countries expect no change in terms of health and safety coverage, although respondents do hint at greater localisation in each case.

<table>
<thead>
<tr>
<th></th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Finland</td>
</tr>
<tr>
<td>More localised</td>
<td>29</td>
</tr>
<tr>
<td>No change</td>
<td>57</td>
</tr>
<tr>
<td>Less localised</td>
<td>0</td>
</tr>
<tr>
<td>No coverage</td>
<td>14</td>
</tr>
</tbody>
</table>
Table A4.11 shows the extent to which respondents expect equality issues to become a more localised issue for bargaining. In the majority of cases, there is no expectation of change and this is not a central issue for bargaining at all.

**Table A4.11  Bargaining over equality**

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>More localised</td>
<td>14</td>
<td>0</td>
<td>33</td>
<td>33</td>
<td>17</td>
</tr>
<tr>
<td>No change</td>
<td>43</td>
<td>87.5</td>
<td>67</td>
<td>67</td>
<td>67</td>
</tr>
<tr>
<td>Less localised</td>
<td>14</td>
<td>12.5</td>
<td>0</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>No coverage</td>
<td>29</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>8</td>
</tr>
</tbody>
</table>

Table A4.12 demonstrates that change management is not expected to come onto the bargaining agendas of most countries. Where discussed, it is expected to be more localised.

**Table A4.12  Bargaining over change management**

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>Finland</th>
<th>Germany</th>
<th>Ireland</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>More localised</td>
<td>29</td>
<td>25</td>
<td>67</td>
<td>17</td>
<td>29</td>
</tr>
<tr>
<td>No change</td>
<td>29</td>
<td>25</td>
<td>33</td>
<td>17</td>
<td>25</td>
</tr>
<tr>
<td>Less localised</td>
<td>0</td>
<td>12.5</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>No coverage</td>
<td>43</td>
<td>37.5</td>
<td>0</td>
<td>67</td>
<td>42</td>
</tr>
</tbody>
</table>
European Foundation for the Improvement of Living and Working Conditions

The quality of industrial relations in the European public sector

Luxembourg: Office for Official Publications of the European Communities

2004 – VIII, 100 p. – 21 x 29.7 cm

ISBN 92-897-0253-2
This report examines the quality of industrial relations in the public sector in five EU Member States: France, Finland, Germany, Ireland, and Italy. Today there is pressure for change and reform across the European Union public sector, with particular emphasis on increased efficiency and effectiveness within tight expenditure constraints, concerns about job security and problems of labour shortages as a result of recruitment breaks and retention problems. The report looks at different models of integrative bargaining aimed at 'win-win' solutions. The term 'flexible collaboration' is used in the report to describe an approach to industrial relations that promotes dialogue and participation at every level, good quality information exchange and high levels of trust without dismantling useful procedural safeguards.

The European Foundation for the Improvement of Living and Working Conditions is a tripartite EU body, whose role is to provide key actors in social policymaking with findings, knowledge and advice drawn from comparative research. The Foundation was established in 1975 by Council Regulation EEC No 1365/75 of 26 May 1975.