

**PACTS ON EMPLOYMENT
AND COMPETITIVENESS**

**IMPLICATIONS FOR
EUROPEAN EMPLOYMENT POLICY**

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SUMMARY

The studies on Pacts on Employment and Competitiveness (PECs) by the European Foundation for the Improvement of Living and Working Conditions have shed light on what appears to be a “common development across EU-member states in industrial relations and collective bargaining” (cf. Sisson/Artiles 2000). PECs seem to represent some far-reaching changes in the logics, contents, motives and goals of collective negotiations about the employment relationship. They could lead to a re-organisation of social partnership at different levels of the economy. This moves collective agreements well beyond their traditional scope of negotiating the pay packet and working time. Thus combining the principles of employment, competitiveness and partnership PECs cover a range of topics that are prominent within the emerging European Employment Strategy (EES) (cf. Goetschy 1999) and its central pillars such as Employability and Adaptability that are analysed in this paper.

The European Employment Strategy

The EES was formally agreed at the 1997 extraordinary summit on employment in Luxembourg concretising the decisions concluded in the Amsterdam Treaty. Under four headings comprising the improvement of Employability (Pillar 1), the creation of a new culture of Entrepreneurship (Pillar 2), the promotion and encouragement of the Adaptability (Pillar 3) of firms and work organisations and the strengthening of Equal Opportunities (Pillar 4) 19 guidelines were adopted. They form the content of what came to be labelled the Luxembourg Process. Every year Member States have to translate these guidelines into so-called ‘National Action Plans’ (NAPs) on employment and report them and their subsequent implementation to the Commission and the Council who evaluates these plans.

The EES is aimed at an integrated approach to fight unemployment and create jobs and is linked to the stability oriented macroeconomic policy and to other policy fields of the EU. However, employment policy is still under the responsibility of national member states (principle of subsidiarity), convergence is to be attained through a new form of co-ordination – i.e. ‘open co-ordination’.

Criticism about the EES and the NAPs has been raised concerning a predominance of Employability and Entrepreneurship related measures at the expense of provisions geared at Adaptability and Equal Opportunities. Furthermore doubts were raised about the integrated character of the strategy which rather appeared as a mere list of initiatives. Finally, it is not clear whether member states would really feel obliged to follow the Guidelines, budgetary implications were not specified properly as were quantitative targets and progress towards them.

Employability and Adaptability

Employability and Adaptability have a very prominent position within the EES as they form the heading of two Pillars (1 and 3) though both notions appear rather vague and malleable.

- Employability in the EES aims at measures to tackle and prevent unemployment of different social groups (youth, long term unemployed...). Furthermore it envisages the move from passive to active measures in labour market policy (from job search measures to training and work placements) and the encouragement of a partnership approach to promote VET, lifelong learning etc. For the Commission 'employability' refers to the "individuals' capacity to keep a job, to change jobs, and to build their own career path" (quoted in: Lefresne 1999:467) according to the conditions set by the markets.
- Adaptability (Pillar 3) is geared towards greater flexibility of companies and employees within the EU. Hence Pillar 3 of the EES focuses on the adaptability of enterprises and workers to changing technology and markets. Adaptability is covered in terms of work-organisation, working patterns and contracts and the adaptability of regulatory and training systems. The Pillar recognises explicitly that there must be a balance between the need of businesses for flexibility and the needs of employees for security and employability.

Employability is not a self-explanatory concept and can attain a range of meanings in different countries. However, different possibilities to understand this notion which also reveal different political strategies to tackle the problem of un/employment and competitiveness can be discerned. On the one hand Employability refers to the general skill level of the labour force which is seen as key factor of economic growth and competitiveness. On the other hand Employability focuses on an understanding of unemployment based on moral deficiencies of the unemployed and their unwillingness to take up work or to adapt their skills or (wage) expectations. Such considerations form the background on activation measures in the EES and recent debates of the enabling welfare state. Many commentators are very critical about these concepts as they are said to reveal an authoritarian understanding of unemployment that has the tendency to place the burden solely on the individual.

Adaptability and flexibility are paramount concerns of employment policies and industrial relations of most countries covering issues of work-organisation, working patterns and contracts, working hours and the adaptability of regulatory and training systems. Adaptability can either be focused on measures to boost short-term adaptability – such as the flexibility of working hours, multi-skilling, use of non-standard forms of employment or to review pay-structures. Long term oriented measures to increase Adaptability comprise strategies of life-long learning and skill development.

Questions of internal (functional) vs. external (numerical) flexibility form a crucial point in the dominant analyses of strategies for flexibility and adaptability. Whereas the first is rather based on expanded competences linked to increased time based flexibilities, the

second strategy requires rather less competences of the workforce which could lead to a segmentation of labour markets.

Employment related bargaining and the EES

To understand the role of PECs for the EES and its Employability and Adaptability pillars the significance of Employment and Competitiveness for the 'new' industrial relations (cf. Sisson 2001) has to be grasped properly. Obviously 'employment' has become the content against which measures to safeguard or increase competitiveness are negotiated. Nevertheless, many agreements are rather defensive which means that they very rarely lead to increases of employment. Rather employers offer to refrain from mass redundancies and to rely on voluntary redundancies (early retirement...) very often based on the guarantee of a certain level of employment. The emerging role of 'employment' has been characterised as new 'general equivalent' against which a wide variety of measures such as wages or flexibility are negotiated. Thus a twofold rule of bargaining emerges. Agreements must increase or preserve employment levels, while at the same time competitiveness should not be undermined if not strengthened (cf. Institut des Sciences du Travail 2000:52).

Generally these developments are linked to a re-emergence of co-ordination in industrial relations. On the one hand, there is a re-emergence of 'national corporatism' as a number of so-called Social Pacts have been concluded in many European countries in the wake of the implementation of EMU. On the other hand, collective bargaining undergoes a continuing process of co-ordinated decentralisation (cf. Traxler 2000a+b).

These developments reveal a growing supply-side orientation in macro-economic and employment related policies. Its main features can be described as follows: Safeguarding competitiveness by lowering labour costs, enhancing wage flexibility, anticipatory incomes policy by setting inflation targets. Taken together supply-side bargaining reflects a shift in power from the unions to the employers. The growing supply-side orientation of collective bargaining is well in line with the strategic remit of the EES. The tight framework of the stability oriented monetary and fiscal policy that had been implemented through EMU appears to be one of the deeper reasons why employment related bargaining has emerged. Member States can no longer resort to devaluation to alleviate an external economic shock and inflation cannot be used to reduce public deficits, as price stability has become the prime target. Hence adjustments via wages, the labour market (employment levels) or social security will be the main possibilities to adjust to an adverse economic shock (cf. Kauppinen 1998). It is the outlined macro-economic framework which is explicitly linked to the EES in the Employment Guidelines that brings employment levels to the centre of collective bargaining whereas other issues such as the growth of wages are of 'moderated' importance.

The relevance of PECs for the European Employment Strategy

The relevance of PECs for the EES is analysed by Guideline in this paper. Where appropriate Guidelines will be discussed together when they cover similar fields/areas of action. This appeared appropriate as many provisions provided by PECs cover several areas of action as well.

PECs and the Employability Pillar

- Guideline 1, aims at *'Tackling youth unemployment and preventing long-term unemployment'* and Guideline 6 aims at *'Active policies to develop job matching and to prevent and combat emerging bottlenecks in the new European labour markets'*. As staff reductions form a crucial issue for many PECs the link to un/employment policies set out by these guidelines is obvious.

Job foundations and similar non-public employment agencies set up in PECs in some European countries – such as Austria or Sweden - are analysed here. They smooth the transition from one job to another through employability strategies such as re-skilling or job search assistance thus preventing a move into unemployment. The role of public authorities in the setting up of this measures, though not comprehensively covered by the Case Studies, is obvious.

- Guideline 2 aims at a more *'employment-friendly approach of the benefits, taxes and training systems'* and Guideline 3 at the *'development of a policy of active ageing'*.

The link to PECs is quite obvious as early retirement forms a backbone for companies to secure voluntary socially acceptable redundancies. The case studies show no difference in relation to the national pension system. Through early retirement the cost of labour shedding and economic restructuring is socialised and is thus either financed through the social security system or through contributions to a funded pension scheme. The provisions as presented by the EES are at odds with this usage of early retirement as a tool of adaptation. Nevertheless, the PEC Case Studies reveal a number of more pro-active strategies that could feed into the goal to develop policies of active ageing.

- Covering similar areas Guideline 4 aiming at the *'development of skills for the new labour market in the context of Lifelong Learning'*, Guideline 5 aiming at *'e-learning for all citizens'* and Guideline 15 (on *lifelong learning*) of the Adaptability Pillar 3 can be discussed together.

On the one hand training is a strategy to enlarge internal or functional flexibility by increasing capacities (skill-levels) to adapt to changes and innovation and by raising productivity. On the other hand, multi-skilling seems to serve to not much more than to increase the *numerical* flexibility of workforce use *within* a company and its departments, as it is trying to overcome traditional job-demarcations, leading to strategies of multi-tasking or job-enrichment. Thus this strategy is rather based on the intensification of work. In reality it is not easy to disentangle these alternatives which

is also quite evident in PECs. Apart from that, an explicit commitment to lifelong learning can so far not be found in the Case Studies.

- *Guideline 7 aims at ‘Combating discrimination and promoting social inclusion by access to employment’*

Generally combating discrimination forms a curious absence in most PECs though a few show some awareness – in particular in relation to disabled people.

PECs and the Adaptability Pillar 3

- Guideline 13 *‘invites’* the Social Partners to modernise the organisation of work. PECs obviously cover related topics, though the question of flexible wage and salary arrangements does not figure explicitly in the Guidelines. In relation to the stability oriented macro-economic policies of the EU/ECB the control of labour costs and wage moderation has entered centre ground in industrial relations. The EES proposes more indirect and qualitative tools aimed at this conflictual field, whereas PECs tackle labour costs more directly.

The re-organisation of working-time arrangements is a another crucial field where PECs provide a number of provisions. Generally agreements on working time aim at a number of issues. The PEC Case Studies discern provisions that lead to an *‘Extension of working time for employees’* and measures that are aimed at longer *‘machine/services running times’*. However there are also some examples that provide *‘Innovative agreements on working time’*.

- *Guideline 14* is concerned with barriers to work, new forms of employment and work and health and safety. The record of the PECs in relation to forms of atypical employment is quite ambivalent. On the one hand, the pacts are about the acceptance of out-sourcing and the use of temporary workers to adjust to seasonal fluctuations by employees which is often opposed by unions. On the other hand, there are quite a number of attempts to stabilise the situation of atypical employees, especially to secure permanent contracts for temporary workers.

Considerations on the prescribed role of the Social Partners in the EES

The position of the social partners in the EES has increased considerably, though evaluations by the Commission or ETUC still show a dissatisfying implication of the social partners in the drawing up and implementation of NAPs. Nevertheless, their participation forms a horizontal objective of the Employment Guidelines now. Here some of the deficiencies of the rather complicated mode of governance – open co-ordination – come to the fore. The strategy remains very centralised steered by the Commission. The role of bottom up initiatives such as PECs that could even reveal some self-organising capacities of modern societies to regulate social problems remains unclear and open.

INTRODUCTION

In this paper¹ I will analyse the contributions Pacts on Employment and Competitiveness (cf. Sisson/Artiles 2000) could make to the Employability Pillar 1 and the Adaptability Pillar 3 of the European Employment Strategy that was implemented after the Luxembourg summit on Employment in 1997. In the first chapter I will focus on PECs and the European Employment Strategy (EES) from a rather general point of view. First I will provide a short analysis of the (EES) and its implementation through a new method of governance labelled ‘open co-ordination’. I will also refer to some shortcomings that became evident soon after its inception. In the next section I will focus on a deeper analysis of the concepts that lie behind the notions of Employability focusing very much on skill levels and the availability of a willing workforce, and Adaptability focusing very much on the flexibility of work organisation in relation to working time arrangements, pay, employment contracts etc.. It will become obvious that both concepts are rather vague and malleable referring to a wide range of measures that can be summarised under these headings. In the next part I will discuss the emergence of employment related bargaining in the context of European wide dynamics of industrial relations. Hence I will highlight the re-emergence of concertation in Social Pacts and processes of co-ordinated decentralisation of collective bargaining leading to allegedly ‘new’ industrial relations. The emergence of employment as crucial content of collective bargaining is linked to the tight monetary framework of the European Union that had been implemented in the 1990s.

In the second chapter I will analyse the PEC Case Studies² in the light of a deeper analysis of the Guidelines that compose Employability Pillar 1 and Adaptability Pillar 3. As some Guidelines cover similar fields and as some provisions that can be found in PECs cover a wide range of areas some Guidelines will be discussed together. The paper will be concluded by some considerations on the possible role of the social partners for the EES. Here I will show the growing importance of the social partners in the EES that can be inferred from the growing number of references to them that can be found in the Guidelines. Nevertheless, I will show that the Commission as well as the social partners are not satisfied with their participation so far. This reveals some of the deficiencies the rather complicated mode of governance – open co-ordination – shows. Hence the strategy remains very centralised steered by the Commission. The role of bottom up initiatives such as PECs for the EES that could even reveal some self-organising capacities of modern societies to regulate social problems remains unclear and open.

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² The Case Studies are quoted from the Online Casebook: European Foundation for the Improvement of Living and Working Conditions: Pacts for Employment and Competitiveness – Online Casebook; <http://www.eurofound.ie/industrial/pecscstudies/sectors.htm>

1. *PECS AND THE EUROPEAN EMPLOYMENT STRATEGY*

1.1. *The European Employment Strategy (EES)*

The EES was formally agreed at the 1997 extraordinary summit on employment in Luxembourg concretising the decisions concluded in the Amsterdam Treaty. Under four headings comprising the improvement of Employability (Pillar 1), the creation of a new culture of Entrepreneurship (Pillar 2), the promotion and encouragement of the Adaptability (Pillar 3) of firms and work organisations and the strengthening of Equal Opportunities (Pillar 4) 19 guidelines were adopted (cf. Goetschy 1999; Foden 2001). They form the content of what came to be labelled the Luxembourg Process. This means that Member States have to translate these guidelines into so-called ‘National Action Plans’ (NAPs)³ on employment and report them and their subsequent implementation to the Commission and the Council. At the European level, there is then an evaluation of the NAPs leading to country specific recommendations and informing the definition of new or rather reformulated guidelines (cf. Léonard 2001:31). Furthermore the commission issues a Joint Employment Report about the progress of the Luxembourg process every year based on assessment of the NAPs.

According to the Commission the EES is based on an integrated approach to fight unemployment and create jobs. Thus it is linked to stability oriented macroeconomic and structural policies and to other policy fields such as education, tax, social security and regional policies (cf. Europäische Kommission 2001:6). The implementation of the EES is managed by objectives, which means that in many fields quantified targets (e.g. related to employment rates, activation measures for different groups of unemployed etc.) are provided. Member States not only have to provide measures according to the employment guidelines but have to report progress. This means that common indicators to assess and compare the effects of national employment strategies as outlined in the NAPs have to be created.

As Employment Policy is still under the responsibility of national Member States the Commission hopes to attain convergence through ‘open co-ordination’. Member States obliged themselves to follow the commonly agreed guidelines and their progress is evaluated every year. Nevertheless they remain responsible for their employment policies according to the principle of subsidiarity though they are obliged to integrate other social actors namely the social partners, but also regional and local actors and public authorities (cf. Europäische Kommission 2001:7).

Foden (cf. 2001:124/125) points out that the EES is based on a number of key themes. First he highlights that the strategy is less about high unemployment but low

³ References to the action plans are based on the 2001 NAPs: European Commission – Employment and Social Affairs (2001): NAP: National Action Plans on Employment 2001; http://europa.eu.int/comm/employment_social/news/2001/may/naps2001_en.html

employment level in particular in continental Europe which could undermine the viability of the social protection systems. Second, he refers to the creation of an employment-friendly welfare state as embodied in the theme of activation. The aim is to bring (long-term) unemployed and economically inactive people back into employment which is seen as key issue for social integration. Third, he stresses prevention. I.e. the best way of dealing with long-term unemployment is to stop it happening. And fourth, he points at the partnership approach. Hence the commitment of the social partners has to be ensured to support the implementation of the EES.

Though most commentators and social actors stress some satisfaction about the fact that employment and employment related issues have finally entered centre ground in the process of European Integration some shortcomings are evident. According to Goetschy (cf. 1999) there is a predominance of Employability and Entrepreneurship related measures at the expense of provisions geared at Adaptability and Equal Opportunities in the NAPs. Furthermore most NAPs rather consist of a mere list of initiatives than of an integrated strategy (cf. Bundeskammer für Arbeiter und Angestellte 2001). Budgetary implications are not specified properly as are quantitative targets and progress towards them. Furthermore, due to the open character of the process, the character of the guidelines and their subsequent implementation in the NAPs appears not obligatory enough for some commentators and social actors (cf. Bundeskammer für Arbeiter und Angestellte 2001). Also a number of reservations were raised about the character of the provisions envisaged by the guidelines and their supply side orientation on employment policies. Some of these points will be discussed later. However, as the EES is evidently conceptualised as a long-term project some issues have been addressed in the subsequent rounds of the evaluation of NAPs, Joint Employment Reports and re-formulated Guidelines (cf. Commission 2000, 2001).

1.2. Central features of the EES: developments of collective bargaining, Employability and Adaptability

It is the goal of this paper to pose the question how PECs (cf. Freyssinet/Seifert 2001, Zagelmeyer 2000) and similar forms of negotiations and agreements (cf. Institut des Sciences du Travail 2000, Regalia 2001) are related to the EES. Therefore it is necessary to start with a discussion of three issues concerning employment policy at the European level at more detail.

On the one hand I will try to analyse the significance of employment and competitiveness related bargaining in the light of recent developments in Industrial Relations within EU-Member States that can be characterised by a twofold dynamic. Thus, there is the (re-)emergence of macro-co-ordination in the form of Social Pacts (Fajertag/Pochet (eds.) 2000) and second there is a move towards (co-ordinated or organised) decentralisation (cf. Traxler 2000a+b). Here I want to show how these dynamics of Collective Bargaining are linked to an emerging European policy regime (cf. Martin 2000) based on stability oriented macro-economic policies predominantly

oriented towards price-stability and a European Employment Strategy that displays a corresponding orientation towards supply-side oriented measures.

On the other hand it will be necessary to provide a critical discussion of the considerations and concepts that guide the strategic orientation of the Employability and Adaptability Pillars 1 and 3 and how they come to play such important roles in the EES and the National Action Plans. By showing that a wide range of often contradicting concepts and approaches towards employment and flexibility oriented policies enter these sometimes rather vague and malleable notions, I want to point out some of the main questions that will guide the subsequent analysis. The wide variety of possible measures should reveal that there is not just one best way to raise Employability and Adaptability but ample room for strategic choice. First and foremost this appears as opening up space for national variations among Member States.

1.2.1. *Employability*

Employability has a very prominent position within the EES forming the heading of the first Pillar of the EES. Generally this pillar aims at measures to tackle and prevent unemployment of different social groups (youth, long term unemployed...). Furthermore it envisages the move from passive to active measures in labour market policy (from job search measures to training and work placements) and the encouragement of a partnership approach - namely between the social partners - to promote VET, lifelong learning etc.. However the Guidelines do not give an explicit definition of what could be meant by this notion. For the Commission 'employability' refers to the "individuals capacity to keep a job, to change jobs, and to build their own career path" (quoted in: Lefresne 1999:467) according to the conditions set by the markets.

Most commentators highlight that there is no single meaning of 'employability' especially as the English notion is not commonly used in other countries. Translations are either a bit clumsy or do not cover the anglo-saxon range of meaning (cf. Pascual 2000:256).

"The concept of employability is not self-explanatory, bearing in mind the numerous underlying economic and social models, which are poorly explained in discussions at community level, and the links between employability and employment, which are at best ambiguous." (Lefresne 1999:465)

Nevertheless it is obvious that the general concept behind this term is a supply side oriented respectively neo-classical view of the labour market. In this view a person is unemployed because of an inadequate ratio between the quality of his/her labour power on offer and the price paid on the market. A number of commentators have warned against some evident shortcomings of this individualised understanding of unemployment and its remedy through strategies to increase somebody's employability. It is feared that these strategies run into danger to place the burden solely on the unemployed while neglecting the demand for labour i.e. the lack of jobs (cf. Bundeskammer für Arbeiter und Angestellte 2001; Pascual 2000).

“The particular difficulties experienced by young people in the labour market are attributed to the absence of a ‘work ethic’, in other words it is argued that young people lack the motivation to find work.” (Pascual 2000:257)

In Anglo-Saxon debates these strategies are increasingly summarised under the heading ‘workfare’ fundamentally defined by Jamie Peck as follows.

- “▪ increasing market selectivity in access to welfare and labour market programs
- reductions in the levels of welfare support and scope of eligibility criteria
- the applications of different forms of compulsion (or ‘incentives’) to participate in education and training, make-work, or low wage employment
- ever tighter policing of benefits and surveillance of welfare recipients
- the imposition of increasingly stringent work requirements
- the privatisation and deregulation of job training.” (Peck 1996:187)

A similar list of measures is presented by Lefresne (cf. 1999).

It should be clear that in reality most countries, insofar they have taken on board the concept of employability, show a mix of both understandings. Even some strategies carry both dimensions of employability with them. This is often true for measures to activate unemployed people via training and re-skilling (cf. Lefresne 1999).

There is also a distinctive link between several predominant strategies of employability and systems of collective bargaining. According to Crouch et al (cf. 1999, similar Coates 2000) strategies, which aim at high skill levels, life long learning, continuous further education or the constant upgrading of skill levels of employees to increase productivity and growth, are linked to efficient and effective system of Industrial Relations. These are based on long-term oriented institutionalised forms of co-ordination, co-operation and trust at all economic levels between the social partners and public institutions. It could be concluded that the contrary might be true for more ‘workfare’ oriented strategies towards activation of unemployed people. Here a more adversarial tradition of Industrial Relations based on short term orientations of enterprises on returns on investment undermine long-term commitments of companies (and employees) to invest in skills. Here adaptability strategies tend to be based on cost-reductions and a reliance on external or numerical flexibility. Hence, it is less the quality of skills somebody has than the willingness to take up employment that become crucial features for labour market policy under such circumstances. This problematic is linked to the particular character of skills as ‘public or collective goods’.

“Firms pursuing their individual ‘rational’ self-interest tend to under-invest in skills when they cannot be assured of realizing the full value of training investments particularly when they are surrounded by other firms that have made the same calculation and concluded that poaching is the solution.” (Peck 1996:143; similar Crouch et al 1999)

As classical forms of (quasi-unilateral) state intervention are not supposed to be an alternative, the expansion of co-operation and co-ordination in so-called trust based systems of capitalism is advocated for the implementation of a high-skill, high productivity, high growth strategy (cf. Crouch et al 1999).

1.2.2. *Adaptability*

The second major focus of the EES I want to discuss here is Adaptability (Pillar 3) which is geared towards greater flexibility of companies and employees within the EU. Hence Pillar 3 of the EES focuses on the adaptability of enterprises and workers to changing technology and markets (cf. Commission 1997). Adaptability is covered in terms of work-organisation, working patterns and contracts and the adaptability of regulatory and training systems. The Pillar recognises explicitly that there must be a balance between the need of businesses for flexibility and the needs of employees for security and employability.

The important role of this Pillar in the EES comes as no surprise as

“adaptability and flexibility are paramount concerns in the current industrial relations of most countries.” (Léonard 2001:38)

Following Léonard such concerns can either be focused on measures to boost short-term adaptability – she mentions measures to flexibilise working times, increase the functional mobility of employees within the organisation, to legalise non-standard forms of employment or to review pay-structures. On the other side, she refers to more long term oriented measures to adapt enterprises and their workforce to imminent social and economic developments via life-long learning and skill development. As a third dimension she mentions the decentralisation of industrial relations, which gives companies the possibilities to forge agreements tailored to their specific needs.

Generally the search for adaptability rests on a twofold assumption about current economic conditions and their dynamics. The first relates economic difficulties back to rigidities at different levels of the economic process. Hence the capacity of economic actors to adapt to new circumstances in a flexible and productive way is said to be hindered by labour market regulations, collective forms of wage setting, job demarcations, inadequate skill levels and other regulatory devices or structural problems of the economy. Thus, economic dynamism is lost.

The second assumption refers to ongoing changes in economic processes however they might be summarised (e.g. globalisation, post-Fordism (cf. Institut des Sciences du Travail 2000), flexible specialisation etc.) that have fundamentally altered economic conditions thereby increasing competition and accelerating the pace of change and innovation. Thus traditional economic institutions and regulatory devices are increasingly at odds with emerging possibilities and challenges on a global market. Economic actors will have to adapt or create the capacities to adapt. Otherwise they will run into severe difficulties to maintain their economic position faced with increased international competition.

In the context of a debate of the EES three strategies for labour market flexibility should be highlighted.

- “▪ There is an attempt to individualize the employment relation moving away from (institutionalized and therefore comparatively rigid) collective bargaining and negotiation systems in key areas such as wage-setting.

- Firms are seeking to achieve enhanced internal flexibility through labor process changes such as multi-skilling and reduced job demarcation.
- External flexibility is being sought through strategies (such as the deployment of part-time and temporary workers) that enable rapid quantitative adjustment of the labor intake in accordance with fluctuating production needs.” (Peck 1996:123)

The question of internal (functional) vs. external (numerical) flexibility forms a crucial point in the dominant analyses of strategies for flexibility and adaptability in relation to employment (cf. McIlroy et al 2000, Regalia 2000). Whereas the first is rather based on expanded competences linked to increased time based flexibilities of the (core) workforce, the second strategy rather requires less competences of the (peripheral) workforce, thus eventually contributing to a segmentation of labour markets and the growth and emergence of a contingent labour force (cf. Peck 1996). Meulders and Plasman propose a two-pronged approach to understand concrete measures to increase the adaptability of companies

“looking at increased diversification of both working hours and working time organisation on the one hand, and related incomes on the other.” (Meulders/ Plasman 1999:484)

Hence, they mention the following dimensions of adaptability strategies that have come to the fore in the implementation of the EES: diversity of working time, modernisation of working time organisation, atypical forms of employment (New Forms of Employment and Work (cf. Regalia 2001)), new types of occupational status, investment in companies’ human capital. Obviously the latter point, which also forms a separate guideline under the Adaptability Pillar of the EES (Guideline 15, cf. Commission 2001), links the problem of flexibility back to the concept of Employability - especially in relation to skill formation. Hence the EES refers to skill formation not only from a more general point of view of education and VET systems but also from the point of view of companies/economic sectors and their specific needs in an ever faster changing economic environment. It remains open whether this reveals an underlying concept of skills as divided in general, transferable and company-specific skills as proposed by Human Capital Theory.

“Regulatory responses to the problem of skill formation are proving to be one of the decisive factors determining whether economies take the high or the low road from Fordism. Low road approaches, based on defensive flexibility, already seem to be faltering; unregulated competition breeds short-termism and a reluctance to invest in either skill or technology (...). High road approaches based on offensive flexibility, seem to be more sustainable (with their high standards of social protection for workers and collectivized economic systems (...).” (Peck 1996:132)

1.2.3. Employment related bargaining and the EES

Employment and Competitiveness have become central contents or subject matters in the emerging forms of the ‘new’ industrial relations (cf. Sisson 2001) as several debates and studies on the development of collective bargaining in the EU have revealed (cf.

Regalia 2001, Institut des Sciences du Travail 2000, Zagelmeyer 2000). They form part of more far-reaching changes of emphases in industrial relations of industrialised countries as Sisson (cf. 2001:605) explains. He tries to pinpoint these 'new' industrial relation ideal-typically under the following headings. These will be presented here at length as they form an important set of dimensions against which to evaluate how emerging forms of collective bargaining could support the envisaged involvement of the Social Partners in the EES. Thus, industrial relations are now rather guided by assumptions of change, continuous improvement, diversity, co-operation and multiple levels of activity and decentralisation. These assumptions have replaced the predominance of stability, conflict, social justice standardisation and centralisation. Therefore, under the current situation subject matters concern information, standards and targets, output and - of growing importance - employment and competitiveness, whereas pay and conditions, rights and obligations, claims and grievances have lost some of their status. The emerging regulatory devices (so-called 'soft' forms of regulation) and macroeconomic framework have tendentially replaced the traditional orientations and policies of wage moderation, now dominant within most EU Member States and have put severe constraints on bargaining over pay at all levels. Finally, the process of bargaining has moved towards integrative bargaining, thus at least complementing traditional forms of distributive bargaining, social dialogue and horizontal co-ordination. Goals are set via benchmarking and targets that are constantly monitored to induce learning processes at all levels. Classical forms of agreement and law making enforced and sanctioned in a vertical way that was to secure integration of all actors are less important.

Under these circumstances competitiveness has become a legitimate benchmark in the negotiating process as the social partners have to internalise macroeconomic concerns of the current orthodoxy (cf. Léonard 2001) on the detrimental effects of excessive wage growth on price stability and economic performance. This is strengthened by the current setting of monetary and fiscal policy at the European level. Against this benchmark traditional contents of collective bargaining such as pay, conditions, social rights are now evaluated (cf. Institut des Sciences du travail 2000:51).

Obviously 'employment' becomes the content against which measures to safeguard or increase competitiveness are bartered – this though in a rather defensive way (cf. Zagelmeyer 2000, Freyssinet/Seifert 2001), which means that bargaining on employment and competitiveness very rarely leads to increases in levels of employment. Rather employers offer to refrain from mass redundancies and to rely on different measures of voluntary redundancies (early retirement...) very often based on the guarantee of a certain level of employment for a certain usually specified period of time.

“The majority of negotiations on employment (...) have been 'defensive'. In other words, they have been aimed principally at avoiding or limiting job losses or mass redundancies, in exchange for a lowering of labour costs and/or an increase in levels of flexibility and length of working time in the organisation. A minority of agreements, however, have been more innovative.” (Freyssinet/Seifert 2001:17)

In the debates on recent developments in Industrial Relations in advanced countries several notions are proposed to characterise the role of employment as an object of exchange.

“Therefore, one can theorise that employment is gradually becoming a ‘social norm’ (...), i.e. a value which society can agree to at large and which, in this case, has an impact on industrial relations.” (Institut des Sciences du Travail 2000:52)

Evelyne Léonard from the same research group refers to a notion brought forward by Belanger and Thuderoz (cf. 1998 quoted in Léonard 2001).

“They argue that employment is becoming a new ‘general equivalent’ against which a variety of issues are negotiated, such as wages and flexibility.” (Léonard 2001:30)

Similarly Goetschy claims that

“employment has become a ‘public good’, which increasingly serves to justify transformations in respect of flexibility in work organisation and working time, casual jobs, wage restraint etc.: it is for the sake of jobs that employers undertake or justify a whole range of changes in the above mentioned areas.” (Goetschy 2000:55)

Though there might be some problems about the metaphoric character of these conceptualisations of the role of employment in collective bargaining within the EU, they nevertheless reveal the overriding importance this field has gained. At the same time it reveals a reduction of the importance of more substantial or qualitative aspects of employment (pay, conditions...) which might have been dominant in the ‘old’ industrial relations. Therefore, it is not surprising that concerns about the ‘quality of jobs’ were only recently adopted in the Employment Guidelines. The whole bargaining process is now framed by a twofold rule. Agreements must increase or preserve employment levels, while at the same time competitiveness should not be undermined if not strengthened (cf. Institut des Sciences du Travail 2000:52).

Employment and competitiveness form central issues of what has been identified as a re-emergence of co-ordination in industrial relations (cf. Grote/Schmitter 1999, Fajertag/Pochet 2000) at different social levels. On the one hand there is a re-emergence of ‘national corporatism’ as a number of so-called Social Pacts has been concluded in many European countries in the wake of the implementation of EMU (cf. Fajertag/Pochet 2000, Kauppinen 1998). On the other hand, but clearly linked to this macro-level developments, collective bargaining undergoes a continuing process of (co-ordinated or organised) decentralisation (cf. Waddington/Hoffmann 2001, Traxler 2000a+b).

From the point of view of the corporatist literature this is a bit of a surprise as for a long time diagnoses of the demise of these methods of interest co-ordination had prevailed. Nevertheless Grote and Schmitter state

“The diagnostic error of those who presided over the autopsy of corporatism in the 1980s seems to have been assuming that the same functions would have to be performed by the same organisations at the same level for this particular mode of interest intermediation/policy-making to survive. They did not acknowledge the

possibility that different functions might be performed at the same level of aggregation by the same (or analogous) organisations.” (Grote/Schmitter 1999:44)

According to Pochet and Fajertag three topics prevail in the Social Pacts of the 1990s (cf. Pochet/Fajertag 2000). First, they are aimed at pay discipline and wage moderation to guarantee non-inflationary growth. Hence wage growth has been decoupled from productivity in most European countries and linked to competitiveness. Second, Social Pacts aim at the flexibility of European labour markets as their alleged rigidity is perceived as a structural weakness if compared to the performance of the US labour markets. This is linked to the implementation of activating measures in labour market policies and the growing importance of VET and education. The third topic of major importance is social security reform to reduce cost-pressures on public budgets, and the tax burden on labour. However this is linked to concerns to balance flexibility and security.

Social Pacts are worth mentioning here as they form a background that clearly influences PECs and other agreements on lower levels (cf. Freyssinet/Seifert 2001) in many countries. They also reveal the link between recent developments in industrial relations, European Integration, EMU and the emergence of the EES. The latter clearly have to be understood as part of the changed macroeconomic and political context that form the background of these agreements (cf. Pochet and Fajertag 2000).

Thus, the emerging institutions of industrial relations and bargaining frameworks under the ‘post Fordist compromise are on the one hand state oriented. On the other they are defined by ‘co-ordinated’ decentralisation, which nevertheless has to be seen in connection with macro-level developments in collective bargaining and the growing importance of a supply-side orientation in macro-economic and employment related policies. Schulten (cf. 1998) highlights the importance of wage moderation and wage growth well below productivity increases as central features of the fundamental shift of emphases in the new industrial relations from a more demand oriented or Keynesian macro-economic framework to a more monetarist one. This shift

“has constantly demanded that the unions should improve the profitability of companies by sanctioning ‘moderate’ wage agreements, thus – in line with supply-side economics – improving employment opportunities. The increasing subjection of collective bargaining policy to the primacy of competition has meant that almost everywhere in western Europe there has been a transition from a productivity-oriented policy to one oriented towards competitiveness, paving the way for a race to reduce wages.” (Schulten 1998:211)

Following Traxler (cf. 2000a+b) the main features of supply side oriented collective bargaining/wage co-ordination can be described as follows: Safeguarding competitiveness by lowering comparative labour costs, enhancing wage flexibility, anticipatory incomes policy by setting inflation targets. Taken together supply-side bargaining under the current macro-economic framework reflects a shift in power from the unions to the employers. Therefore, according to Traxler the former should have more interest in co-ordination.

“(...) supply-side policies and slack labour markets create a strong union interest in co-ordinated policies in that this offers compensation for their loss of market power.” (Traxler 2000a:411)

While this might be true on the macro-level, some qualifications have to be made for other levels. We cannot conclude that, confronted with a constant restructuring of economic processes, employers would not have any interest in co-ordination to realise the possibilities of flexibility and adaptability without severe frictions and disruptions at the level of the organisation – especially where unions still have a strong power base.

“In one sense, these processes increased the need for ‘active consent’ on the part of workers – and, therefore, the need for capitalists to bargain with them over the quality as well as quantity of their contribution (...).” (Grote/Schmitter 1999:41)

This quite clearly relates to some new forms of collective bargaining such as PECs where it is more often than not management that seeks to come to an agreement with their employees and their representatives to prevent disruptive effects, low morale and motivation in the process of adaptation of the organisation.

For Andrew Martin (cf. 2000) the supply-side orientation of these new forms of collective bargaining as embodied in Social Pacts and (co-ordinated) decentralisation is clearly replicated in the general strategic remit of the European Employment Guidelines. Furthermore he points out that this is due to the monetary regime of the EU (cf. Martin 2000:370): Therefore, the Luxembourg Process cannot be understood without reference to two other ‘pillars’ of European Integration, namely the so-called Cardiff Process, concerned with structural reform (cf. Foden 1999:525) and the so-called Cologne Process of macro-economic dialogue. The purpose of the latter is

“to seek a macroeconomic policy mix which is favourable to growth and employment. The analysis which lies behind the establishment of the macroeconomic dialogue is that the main instrument (...) available to foster (or restrict) economic growth is monetary policy.” (Foden 1999:527)

The tight framework of the stability oriented monetary and fiscal policy that had been implemented through EMU and the ECB (cf. Kasten/Soskice 1999) appears to be one of the deeper reasons why employment related bargaining has emerged. Member States can no longer resort to devaluation to alleviate an external economic shock and inflation cannot be used to reduce public deficits, which are limited to 3%, as price stability has become the prime target. The ‘integrated’ approach to economic and employment policy is pointed out by the Commission in the Employment Guidelines quite clearly. It appears as a pre-requisite to reach the Union’s goal to become “the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion” (Commission 2001:8). This strategy requires

“a continued implementation of a comprehensive set of policies aiming at growth and macroeconomic stability, further structural reforms to improve the functioning of the European labour market, innovation and competitiveness, and an active welfare state promoting human resources development, participation, inclusion and solidarity.” (Commission 2001c:8)

Hence, adjustments via wages, the labour market (employment levels) or social security will be the main possibilities to adjust to an adverse economic shock (cf. Kauppinen 1998). It is the outlined macro-economic framework which is explicitly linked to the EES in the Employment Guidelines (cf. Commission 2001c) that brings the level of employment to the centre of collective bargaining whereas other issues such as the level of wages are of 'moderated' importance.

2. ***CONSIDERATIONS ON THE RELEVANCE OF PECS FOR THE EUROPEAN EMPLOYMENT STRATEGY – AN ANALYSIS BY GUIDELINE***

In the following section I will try to analyse whether and how the provisions and regulatory devices as provided by PECs (and where appropriate other agreements on employment) could feed into the EES. As the different Guidelines tend to cover similar or related issues and as many provisions covered by PECs span a wide range of measures as well, I will discuss some of the Guidelines together if a clear cut separation is seemingly not viable. When doing the research on this paper it soon became evident that generally a simply illustrative use of the Case Studies will not suffice. Where PECs discern provisions that could feed into the EES their record is not even. Though listed under the same Guideline the provisions as concluded by PECs cover different aspects that arise from the EES and the concepts behind Employability and Adaptability that have been discussed above. From a scientific point of view the PEC Case Study do not reveal many quantitative or quantifiable facts about employment related issues and industrial relations at the company level that can simply be generalised. Nevertheless, due to their qualitative character they can reveal a wide set of measures and strategies that could link these new forms of collective bargaining and the EES. The disadvantage of this is that the Case Studies also open a lot of questions or even possible new directions of research that can so far not be answered but just mentioned. There is one problem I want to highlight in particular – the role of public authorities and public policies in issues of employment and competitiveness (cf. Sisson/Artiles 2000; Freyssinet/Seifert 2001a). It is evident that many provisions as highlighted in the Case Studies are dependent on existing regulatory devices (job foundations, policies on active ageing...), public subsidies or new legal provisions regulating formerly unregulated areas (atypical employment, new forms of contract...). From the point of view of the PEC case studies⁴ it is only possible to refer to the role of public authorities/policies where it becomes evident. A deeper analysis has to be left out here as it would remain piecemeal.

2.1. ***Improving Employability***

In relation to Employability the call for papers issued by the Dublin Foundation on the Improvement of Working and Living Conditions asked for a review of the use of training, improvements in skills and qualifications in PECS and the use of ‘job centres/foundations’ to facilitate redundant employees. In particular we were asked to address the following questions.

⁴ The Case Studies are quoted from the Online Casebook: European Foundation for the Improvement of Living and Working Conditions: Pacts for Employment and Competitiveness – Online Casebook; <http://www.eurofound.ie/industrial/pecscstudies/sectors.htm>

“Who is trained and to what extent – full-time, part-time, contract workers or those losing their jobs and who is excluded from training.

To what extent is training used as a form of investment in the particular site/workforce?

Is it part of a re-skilling/multi-skilling process to give the enterprise a greater competitive flexibility?

Is it part of an overall training and development policy or an ‘once off’ related to the particular situation within the firm at the time of the collective agreement.

Is training a contribution by management to assist workers in dealing with changes in work organisation? In re-location? In job transition? In job rotation?

(...)” (European Foundation 2001))

Where possible answers to these questions will be given, using the Case Studies as illustrative examples to provide an idea of the range of measures that could be listed. Nevertheless, it must be said that based on the Case Studies it was not really possible to quantify training provisions or specify the provisions according to different employee groups. Very often the PEC analysis are very general about the contents of an agreement, thus an analysis about the substantive character of some provisions is quite problematic. Furthermore it has to be said that many PECs just provide a snapshot of developments in Industrial Relations at the company level in a particular enterprises.

2.1.1. *Guideline 1 and Guideline 6*

I will start the analysis with a discussion of Guideline 1, which aims at ‘*Tackling youth unemployment and preventing long-term unemployment*’ and Guideline 6 which aims at ‘*active policies to develop job matching and to prevent and combat emerging bottlenecks in the new European labour markets*’. An integrated discussion seems justified due to the specific character of some provisions that can be found in PECs namely job foundations or non-public quasi employment agencies.

Guideline 1 focuses on preventive and employability-oriented strategies, building on the early identification of individual needs. Every young and long-term unemployed is to be offered an active labour market measure (re/training, work practice, a job) within a certain period of time. Hence this guideline provides a clear and quantifiable target. Individually oriented guidance and counselling particularly focusing on the long-term unemployed should guarantee their re-integration in the (regular) labour market. A modernisation of Public Employment Services is advocated. According to the Joint Employment Report 2001 (cf. Commission 2001g:20) there have only been five states which came closest to the specified targets (Austria, Sweden, UK, Luxembourg and Finland). In particular, the modernisation of the PES in some countries has not been completed. Generally the report states

“However, as far as prevention is concerned results fall short of significant progress towards compliance with the Guideline and monitoring systems still need further development.” (Commission 2001g:20)

Guideline 6 refers to the coexistence of labour shortages on the one and unemployment and social exclusion in Europe on the other hand. Hence, emerging bottlenecks should

be tackled through policies to facilitate the mobility of workers to exploit the potential of open and accessible European labour markets. Therefore, Member States and social partners are asked to develop job matching capacities of employment services, develop policies to prevent skill shortages and promote occupational and geographical mobility. Nevertheless, according to the Joint Employment Report 2001 measures taken by the Member States are not very specific in relation to this Guideline though they show some awareness concerning emerging labour market bottlenecks.

The reduction of staff levels often forms a crucial goal of PECs which have developed a number of ways to deal “with situations where job losses are inevitable” (Freyssinet/Seifert 2001a:35). These so-called ‘cushioned’ staff reductions will be discussed in relation to a number of Guidelines. Here I want to discuss the development or deployment of institutional forms to smooth the transition from one job to another for employees through employability strategies such as re-skilling. The publications on the PECs quite frequently refer to the Austrian ‘work foundations’ that had been applied based on the co-operation between the PES and the social partners. Similar institutions, though not necessarily based on a co-operation between public authorities and social partners, can be found in a number of PECs in the Netherlands, Ireland and Scandinavian Countries. The experience of these institutions that clearly have a preventive character in relation to unemployment is rather mixed though as the following examples show.

The Case Study on the Steyr Open Work Foundation in Austria (cf. Blum et al 1999) explains the concept of work foundations quite thoroughly. Generally, conceptualised as a reaction to deteriorating economic conditions the aim of the Foundation was to create employment initiatives for a region with traditional engineering industries, which had come under severe pressures, to build up a personnel pool, to develop a pool for qualification and re-skilling and to create a reasonable-cost instrument for dealing with unemployment. Generally, funds come from the PES and the companies involved but also employees solidarity contributions or foundation participants’ own resources. It is organised as an association whose management board consists of employers’ and employees’ representatives on the basis of parity. Foundations as a tool of labour market policy have been introduced in 1987 to tackle the crisis of the national steel industries. By the end of 1995 52 foundations were in use. Generally, foundations are said to be effective in relation to three levels. First, at the individual level foundations offered rapid re-integration into working life through qualification measures. Second, at the employment policy level foundations proved to be an efficient employment policy instrument linking diverse measures and keeping the workforce in the region. At the socio-political level a co-operative, trust oriented strategy to solve labour market problems that spreads the burden among a number of concerned actors (employers, PES, former colleagues) has been created. Companies accept some responsibility for their former employees after redundancy. At Steyr a foundation accompanied by a specific women’s foundations was set up by a number of companies in the region and the PES. At the time the foundation was set up, participation of a number of companies was novel. The Case Study reports that so far about 500 people (7% women, about 50% less than 30 years) had joined the foundation, of whom 150 were pursuing foundation

activities at the time of writing. About 97% of the participants had been able to find jobs. This was the case because of their high level of training. Apart from training- and skills-strategies the foundation offers activities in relation to the establishment of new companies by participants. Hence, the Work Foundation at Steyr obviously proved to be a good example of this flexible, small scale but systematic initiative, that represents a valuable addition for the PES as the Case Study puts it. Thus it can be seen as an efficient instrument of pro-active employment policy (cf. Blum et al 1999:48). Evidently, work foundations are good examples of the impact public authorities/initiatives can have on employment policies on the one hand and the role of an efficient and effective system of industrial relations on the company level as well as beyond it on the other.

Thus, from this point of view it is necessary to refer to some Swedish examples here as well. Though it is not adequate to conclude from the Case Studies anything about the dissemination of such agreements it has to be said that the prominent incidence of such institutions in the Swedish case studies is well in line with more general studies about the Swedish model of industrial relations, social policy, training (cf. Crouch et al 1999) and high employment protection which makes labour shedding quite costly (cf. Case Study on FöreningsSparbanken). Also Freyssinet and Seifert (cf. 2001) refer to the peculiarities of the Nordic Model where

- “▪ Negotiation on pay must ensure the competitiveness of the industries exposed to international competition.
- Collective bargaining ensures co-operative behaviour in terms of the introduction of technical changes and the management of industrial restructuring.
- pro-active employment policy curbs the quantitative and qualitative imbalances in the labour market.” (Freyssinet/Seifert 2001:48-49)

Within the Swedish Construction Industry the so-called Orion project was set up. It is supposed to solve two problems. First, high unemployment among young builders and second the need for further education for those who have a job. The case study highlights that under Orion companies can offer their staff further education with salary for a period of up to twelve months. During this time the companies employ an unemployed building worker with a salary. State support for former unemployed building workers is available. Unemployed workers gain experience, others can build up their skills. The Case Study expects competence within the sector to become higher and lead to a more efficient and competitive building industry.

Another example from Sweden can be found at Telia a corporate group working in Telecommunications. To avoid compulsory redundancies a ‘staff support division’ was created, where redundant staff was to get further education and other assistance in finding a new job in- or outside the company. Nevertheless, the procedures of this organisational device proved a bit disruptive. First, all 20.000 employed were transferred to the support division from where they had to re-apply for employment within Telia. Only two thirds were regarded competent enough. The support division then helped employees to find a new occupation or offered them further education

within their occupation. About a third of the people who stayed within the support division were re-employed at Telia, a fifth found a new job, a third has retired. A similar idea was developed at FöreningsSparbanken, where a ‘resource bank’ was offered to employees, in which they could get further education for up to two years while still being employed. This was quite a success with employees.

Similar initiatives to those outlined so far are reported in other Case Studies though the record of these agreements is rather mixed. An example would be the employment pact for the Confectionery Industry in the Netherlands which consisted of an agreement between the social partners and a private employment agency (Randstad).

“The primary purpose of this agreement is to offer employees the prospect of continuing employment within the industry in cases where a worker is threatened with redundancy due to reductions, reorganisations and mergers.” (Case Study: The confectionery industry in The Netherlands.)

According to the Case Study the agency has to accept all redundant workers of the industry without any preconditions and the workers will be offered a contract for a period of two years (at 80% of his/her basic wage). Within this period every worker will be posted to other employers in- and outside the industry hopefully getting permanent employment. If the agency does not offer a contract to the employee s/he is offered a place on a training programme leading to a two year contract. The agency would offer a permanent contract to the employee if there was no post with a new employer. Nevertheless, it has to be said that experiences were mixed as not enough employees did take up the scheme and procedures took much too long.

Another example from the Netherlands can be found at Stork Mobiel BV which seems to be a kind of intra-organisational employment agency of Stork. At Stork Mobiel the employment agency Start, established by the central employers’ and trade union federations, was implicated in the business plan, as it had a good reputation on the placement of temporary workers. The basic task of Stork Mobiel, conceptualised as a profit making subsidiary of Stork, is to match supply and demand for flexible labour through positing of workers, the provision of training and acting as an intermediary. Nevertheless experiences are quite mixed as other subsidiaries at Stork and the employees did not really accept the scheme, Stork Mobiel itself was not satisfied with possible candidates to work for the company. This raises the question whether such an agency can be run as an intra-organisational profit-making subsidiary of a larger company.

Another example can be found at Glanbia, an Irish dairy and meat company that resulted from a merger. The company, interested in reaping the benefits from the merger, wanted to shed staff. This was opposed and criticised by the unions. Hence the company came forward and proposed to establish a ‘support fund’ to attract new jobs to the affected areas. The accrued funds should go to ventures that were do employ former core workers of Waterford Foods. About 2.5 million IEP were contributed. Up to 1999 two ventures employing 95 former core workers had been funded. A third employing another 100 was reviewed at this time. However, the Case Study says nothing about any

re/training provisions through the funds and it has to be said that the goal of the management was to reduce staffing levels by about 750.

It is quite interesting to see that organisational devices as provided by these examples which organise job search, re/training or further education could serve to extend the preventive approach towards unemployment as envisaged under Guideline 1 into company level bargaining. But it appears still a question of further research how such measures are linked to central co-ordinating mechanisms be it state-led labour market institutions and regulations be it centralised forms of collective bargaining and Social Pacts or be it generally the availability of support funds, wage subsidies etc. and whether under decentralised forms of collective bargaining similar measures are viable and if not what their shortcomings would be.

2.1.2. *Guideline 2 and Guideline 3*

Guideline 2 aiming at a more '*employment-friendly approach of the benefits, taxes and training systems*' and Guideline 3 aiming at the '*development of a policy of active ageing*' will be discussed together (cf. Commission 2001c). This appears to be necessary as early retirement schemes are a very common form of voluntary redundancy provided by PECs thus revealing a clear link to ongoing reforms of the tax and benefit system. According to these guidelines these systems must be reviewed to ensure that they actively support the employability of unemployed persons. Hence they should interact in a such a way to encourage the return of inactive persons - 'willing and able to take up a job' - to the labour market and to promote incentives for unemployed and inactive people to seek and take up employment and upgrade their skills.

Therefore, the Member States are asked to review and to reform their tax and benefit systems and endeavour to increase the number of persons benefiting from active labour market measures. Especially measures for unemployed and inactive persons to upgrade their skills (including IT and communication skills) are to be promoted to reduce skills gaps. Guideline 2 specifies a quantitative target for the number of people in active measures (at least 20%).

According to the Joint Employment Report 2001 (cf. Commission 2001g: 21) fourteen Member States (with the exception of the UK) met the quantified target of people in activation measures, which was partly due to falling unemployment, partly due to increased emphasis on active labour market policy. Nevertheless figures on effective integration in the labour market are provided by only a few Member States. In relation to tax and benefit systems the Report states that reforms rather concentrate on the former to make them employment friendly, whereas progress on reforming benefit systems is said to be insufficient. The Report also criticises the large number of people on benefits - in particular invalidity benefits - and asks for measures to tackle the gender impact of tax-benefit reforms. In particular it highlights the development of in-work or employment conditional benefits.

Guideline 3 asks for in-depth changes in the attitudes towards older workers and for the revision of tax-benefit systems. This is due to the fact that the employment rates of people 55 and more are quite low in many EU-countries, which is said to undermine the goal of full employment and the sustainability of social security systems. Hence the Guidelines ask Member States (and social partners where appropriate) to develop policies of active ageing and to enhance incentives for older workers to stay at work longer. This on the one hand refers to measures to update their skills, keep their working capacity and introduce flexible working arrangement. On the other hand a review of the tax and benefit system is asked for, to make it more attractive for older workers to continue participation in the labour market.

Progress in this field has evidently been sketchy as the Joint Employment Report speaks of a 'lack of comprehensive approaches on active ageing' and calls the strategies of most Member States piecemeal. Evidently, measures to reform benefit and pension systems and to reduce incentives for early retirement prevail (cf. Commission 2001:23).

The relation of PECs to the EES here is quite contradictory. So far there was no link discernible between activation measures geared towards unemployed and inactive people and PECs, though it could be imaginable that job placements or work experience schemes could be used to find new staff or even to increase external flexibility. It is only possible to speculate about this absence. The most obvious reason to me is the often critical position of unions towards such activation measures and their punitive or workfarist approach towards jobless people. Job foundations and several forms of non-public employment agencies that are sometimes supported through public money have been discussed under Guideline 1 and 5.

On the one hand early retirement schemes – though often very costly for the company - form a backbone of company strategies to secure voluntary redundancies. On the other hand there are several examples of agreements on the company level that could support and concretise a policy of active ageing. Early retirement schemes form an important strategy of employment reduction in big companies often accompanied by more or less generous schemes of severance payments. To my mind, in relation to the incidence of early retirement the case studies show no difference whether the national pension system is state led and not funded or whether occupational pension funds form a major pillar to finance a persons retirement. Thereby, the cost of labour shedding and economic restructuring is socialised as it is either financed through the social security system or through the contributions to a funded pension scheme – i.e. through the employers'/ employees' contributions of the company/sector.

As redundancies very often appear to be inevitable for management, early retirement seems to be a way to reduce employment and payroll-costs in a 'cushioned' way. Younger workers tend to earn less and they bring in new skills. At the same time disruption and low morale is avoided as these forms of labour shedding are socially acceptable. The provisions as presented by the EES are clearly at odds with this usage of early retirement as a tool of adaptation. Measures to increase the incentives of older workers to participate longer in the labour market (such as deductions from somebody's pension in the case of early retirement) clearly confront this strategy to adapt workforce

levels if measures to lower early retirement rates become more effective. There is the danger that the intergenerational conflict – the pension problem – would be dislocated into companies that face severe challenges through increased competition and a faster changing economic environment. Hence the possibility of companies to adapt could decrease, productivity increases could be lowered. It remains to be seen whether enterprises and unions will accept that these socially acceptable ways of reducing employment level are coming under pressure.

Nevertheless the PEC Case Studies reveal a number of more pro-active strategies that could feed into the goal to develop policies of active ageing. Hence the German Case Study on Lufthansa mentions an agreement on partial retirement (according to the *Tarifvertrag Altersteilzeit*) immediately after the Act on Partial Retirement was passed. Similarly at Adam Opel AG the parties at least committed themselves to negotiate an agreement on pre-retirement part time working. The exact provisions and plans of these agreements in German plants were not specified in the Case Studies.

A very interesting example of ‘*adopting positive measures to maintain working capacity and skills of older workers*’ (Guideline 3) is provided by the Case Study about the Town of Raisio. Here, health problems, absenteeism and psychological problems of a rather aged workforce that developed after a first round of flexibilising working conditions were tackled through a reorganisation of the organisation, arrangement and development of jobs which was deliberated in small groups. In particular, the goal was to increase teamwork and the creation of a relationship of trust at the workplace. According to the Case Study this has really increased the feeling of togetherness and boosted the willingness to continuous improvement.

2.1.3. Guideline 4 and Guideline 5, Guideline 15 of the Adaptability Pillar 3

As they cover similar areas – namely training, skills development and lifelong learning - Guideline 4 aiming at the ‘*development of skills for the new labour market in the context of Lifelong Learning*’ and 5 aiming at ‘*e-learning for all citizens*’ of the Employability Pillar 1 and Guideline 15 of the Adaptability Pillar 3 will be discussed together. This is justified by the fact that the latter is concerned with *lifelong learning* as well, though from a more company specific point of view. The main goal of these Guidelines are effective and well functioning educational and training systems that are responsive to labour market needs. They are seen as the key to a knowledge-based economy, the improvement of the level and quality of employment and the delivery of lifelong learning. They shall allow for a smooth transition from school to work, provide people with adequate skills, prevent the erosion of their skills and enable them to adapt positively to change. Hence, Member States are asked to improve the quality of their education and training systems - in particular their apprenticeship systems and in-work training. Apart from more general educational problems these guidelines ask Member States to promote better access of adults including those with atypical contracts to lifelong learning. Furthermore the recognition of acquired skills and *qualifications* is mentioned. Under Guideline 5 e-learning and access to ICT is mentioned. Guideline 15

complements these provisions 'inviting' the social partners to conclude agreements on *lifelong learning*. The latter is seen as a condition to facilitate adaptability and innovation. A particular emphasis is put on information and communication technologies.

The assessment of progress under these Guidelines as provided by the NAPs, which can be found in the Joint Employment Report 2001, predominantly refers to the general educational system.

“The involvement of social partners in lifelong learning policies and measures is strengthened in most Member States, most commonly in relation to access and funding. However, there is an on-going lack of information about their autonomous initiatives, especially at enterprise level.” (Commission 2001:24-25)

This assessment is repeated concerning the Adaptability Pillar 3, hence the Joint Employment Report 2001 states the “challenges of training and lifelong learning have not been comprehensively taken up” (cf. 2001:35). Allegedly, commitments to life long learning have increased, but the Report bemoans the lack of “qualitative data provided in the NAPs and social partner’s own assessment” as “not sufficient to draw general conclusions”. Evidently the social partners have emphasised that their commitment through collective agreements (bipartite and tripartite) has increased mostly focusing on individual access of workers to training. Links between innovative working time regulations (long-term time accounts...) and training are pointed out.

The publications on the PECs (cf. Freyssinet/Seifert 2001, Sisson/Artiles 2000) have attempted to reveal some aspects of the role, VET (Vocational Education and Training) and CVT (Continuous Vocational Training) could play in keeping, up-dating and enlarging a company’s skill base. Generally training appears to be a strategy to enlarge internal or functional flexibility (cf. Regalia 2000, McIlroy et al 2000) by increasing the capacities of the workforce to adapt to changes and innovation more quickly and by raising the productivity of the company.

Nevertheless some reservations have to be made in line with the arguments brought forward about high and low roads towards flexibility. On the one hand, training strategies can genuinely aim at building up a company’s skill and knowledge base. This requires a more long-term commitment of companies to invest in the skills of their employees. In this case, training does not necessarily focus on company specific skills. Hence productivity is raised by increasing the capacities of employees to apply technologies more productive. This would refer to classical strategies to increase internal flexibility. On the other hand training can also serve to increase the *numerical* flexibility of workforce use *within* a company and its departments. This appears to be understood as multi-skilling which is trying to overcome traditional job-demarcations, leading to strategies of multi-tasking, job-enrichment/-enlargement etc. Thus this strategy is rather based on the intensification of work. Productivity is increased through a more flexible/multiple but not necessarily more productive application of labour power. It has to be admitted that in reality it is not necessarily easy to disentangle these alternative training strategies which is also quite evident in PECs.

Furthermore, an explicit commitment to lifelong learning can so far not be found in the Case Studies though some examples of training strategies, that will be outlined below, might feed into the implementation of measures related to this goal. Finally apart from that, another important development should be referred to here again – the implementation of job-foundations, and non-public employment agencies. They have been discussed under Guideline 1.

The following examples show that training and skill-creation represents a fundamental issue in negotiations – in particular on the side of the unions. However, it has to be said that the absence of training in other schemes is not necessarily based on a neglect of this topic. It could also show that the current national situation in this field is deemed to be non-problematic. The reason for this could be the existence of a well developed national system of VET. Nevertheless many case studies rather resemble a ‘high-road strategy’ towards functional flexibility. At the Co-operative Bank in the UK training formed an integral part of the pacts between management and employee representatives. Thus the agreement states the ‘redeployment, *retraining* and voluntary redundancy opportunities’ are the agreed mechanisms to deal with staff surplus (cf. Case Study Co-operative Bank). The agreement commits the Bank to invest in training and offer personal development opportunities to staff, who share responsibility for their own personal development. Quite remarkably, new skills are seen as transferable within and beyond the company assisting long-term employment prospects of employees in- and outside the Bank. Training clearly forms a part of the partnership framework in this company as the Case Study highlights. At Blue Circle Cement (UK), in the course of the company’s reorganisation as agreed under the *Way Ahead* agreement, pay progression was linked to skill acquisition. The agreement states that

“Way Ahead provides an environment in which our employees can develop, acquire additional skills, practice those skills and demonstrate maximum flexibility (...).” (Case Study Blue Circle Cement)

Employment security is guaranteed if employees commit themselves positively to training and the development and practice of new skills. Though at first sight this appears to be part of a multi-skilling strategy to guarantee the flexible application of labour within the company as discussed above, there are elements of the agreement that are more far reaching. Thus, the agreement included the introduction of National Vocational Qualification based training programs and a training package was agreed for those leaving. Here, the employment guarantee of management served to remove worries of employees they might improve themselves out of jobs when raising their productivity through up-skilling.

At Heineken (Netherlands) there was an agreement that acknowledged the social consequences of ‘multi-skilling in autonomous work teams’. Evidently management was not satisfied with skill-levels and trainability of their employees when faced with new technologies. Based on a policy of avoiding forced redundancies a re-assessment of the workforce skills was agreed with the unions. On the basis of these assessments individual training programs were to be agreed, paid for by the company. Training would take place during working time, training programmes were developed after

consultation with the unions. Persons conceived as non trainable were to be re-deployed within the company or to be supported in finding suitable work.

At DLG-Aalborg (Denmark) there was a commitment to upgrade vocational training by providing wider access opportunities for staff. This had advantages for both sides according to the Case Study. Management could increase functional flexibility, which contributed to decreased levels of overtime payment.

“The training programmes have created the basis for a work force in which each employee can carry out a broader range of job functions.” (Case Study DLG Aalborg)

The access to training courses for employees, that had been relatively low skilled before, had the effect of increasing their ‘market value’ outside the DLG Aalborg.

At Adam Opel AG (Germany) the number of new vocational training places was fixed at 350 per year. After the completion of the training period, trainees are to be offered permanent and temporary jobs according to performance and qualification. At Ford (Spain) an apprenticeship school for workers’ children was reopened, the 20 best trainees were to be offered work in the enterprise.

These examples have to be contrasted to the following case studies that appear to be closer to a ‘low road to flexibility’ strategy as training rather serves to increase flexible application of employees through multi-skilling in company specific skills to meet fluctuations in demand. At S.A. Damm (Spain) there was a new classification of jobs in the agreement, which has created wider occupational groups. The objective of these new classification was ‘multi-skilling and job enrichment’ as the Case Study highlights. Nevertheless the effect remained rather limited. At Howmedica International Inc. (Ireland) a promised ‘investment in training’ formed a crucial part to step up a partnership agreement that could overcome the adversarial tradition of industrial relations in this company. Furthermore the agreement sets out a ‘*provision and acceptance*’ of training and the development of ‘*cross-skilling to create continuity of manufacture to have a broad band of skills available to overcome fluctuations in demand*’. There are no further specifications on the character of training and skills that should be provided. At Rover (UK) training is mentioned as part of employee flexibility subject to somebody’s ability to do a job. A commitment to training is formulated but not specified.

2.1.4. *Guideline 7*

Guideline 7 aims at ‘*Combating discrimination and promoting social inclusion by access to employment*’. Though Equal Opportunities form a Pillar (No. 4) of its own in the EES, exclusion from participation on the labour market of specific groups through discrimination forms a guideline under the Employability Pillar 1 as well. The provisions as set out by *Guideline 7* focus on difficulties particular groups and individuals experience in acquiring skills and access to the labour market. Hence they run into danger of being excluded. Social inclusion is conceived here as participation in

the world of work and as promotion of the quality of their employment. This evidently refers to the fact that these particular groups very often form part of what could be called a 'contingent or segmented labour market' usually used to secure numerical/external flexibility (cf. Peck 1996). Thus, the guideline asks Member States to identify and combat all forms of discrimination in access to the labour market and to education and training. Furthermore, it asks for preventive and active measures to integrate groups or individuals that are at risk or '*with a disadvantage*'. Otherwise marginalisation, the emergence of 'working poor' and a drift into exclusion could occur. In particular these groups consist of the disabled, ethnic minorities and migrant workers (women are omitted here as the bulk of provisions under the Equal Opportunities Pillar is concerned with their situation).

Notwithstanding the general importance of social inclusion, the fight against discrimination and Equal Opportunities for the EES, the Joint Employment Report 2001 states that measures aiming at social inclusion in the NAPs are not sufficiently visible for most Member States. Some States state that employment policy in general would be the best means to achieve this end, some draw a clear distinction. Evidently there is more concern about integration than about anti-discriminatory measures. Only half the Member States have national targets to increase the employment levels of disabled people, only Denmark and the Netherlands set targets for ethnic minorities.

It is not far fetched to argue that the implicit understanding of discrimination and social exclusion discernible in this guidelines sees the risks or disadvantages, specific groups have, which could lead to social exclusion, as a kind of naturalised or external quality of these people. Hence, they are excluded not because the current specificities of economic processes could create conditions in which these groups run into danger to lose out but because of their deficiencies. Does this reveal an understanding of economic processes that rests on assumptions of normality (of health, ability etc...) against which groups that lose out appear to be 'disadvantaged'? But if this is the case, who has the responsibility to combat this forms of exclusion. Guideline 7 is quite clear, the Member States. It does not ask about the role economic actors (this is different under Equal Opportunities pillar it has to be admitted) could play in this process. But if this understanding, I tried to depict here prevails, it raises interesting questions about the roles PECs play or do not play in relation to combating discrimination. Combating discrimination forms a curious absence in most PECs. But there is no reason to believe that in internal labour markets, in policies on personnel development and training, social processes prevail that prevent the exclusion or discrimination of particular groups if the environment and the economic conditions prove not favourable for certain groups.

Nevertheless there are some PECs that show awareness about the situation of 'disadvantaged' groups. In the Case Study on the Confectionery Industry in the Netherlands some reference is made about an employment guarantee for partially disabled workers if, on a doctor's recommendation, suitable works is available within the company. This concern is repeated in the 1998-2000 agreement on the intake of personnel, which is also addressing the problems of particular groups in the labour market, especially those who are (partially) disabled. Another example is the Case Study

on Blue Circle Cement (UK) which refers to provisions in the *Way Ahead* agreement, that promises that

“all vacancies will be filled with the best candidate from an unrestricted pool of applicants, i.e. equal opportunity.” (Blue Circle Case Study)

But the text does not go into any details whether assessment procedures were adapted and controlled to avoid bias against certain groups.

More provisions can be found in the Cases Study on Heineken Nederland BV. Thus, in an appendix on Employment to the general agreement in 1998/1999, there are provisions on positive action for female youth employment, child care facilities and parental care leave. Furthermore, the Heineken agreement lays down provisions to fill half of temporary jobs on work experience schemes (though their number was temporarily reduced) with people from ethnic minorities and to support a union-led foundation that aims to protect minority groups in the labour market financially. In relation to the redeployment of people who lack the skills to work in autonomous working groups, Heineken is to take into account age, family history, medical history etc. However the scope of these commitments to support ‘disadvantaged’ groups might be evaluated, at least it seems to be clearly related to commitments laid down by the government of the Netherlands that were mentioned above.

2.2. *Encouraging Adaptability of Businesses and their Employees*

The call for papers issued by the Dublin Foundation for the Improvement of Working and Living Conditions posited Adaptability in the context of “*greater flexibility of European enterprises*”. In particular labour costs as a crucial factor in the negotiations of PECs to cope with the increased level of competitions are highlighted. The Call lists a number of ways to achieve greater flexibility:

“through internal arrangements, such as training, the introduction of new forms of work organisation, training or recruitment policies; through external arrangements, such as contract flexibility, out sourcing or temporary work. Flexible wage/salary arrangements can also be adopted to deal with labour costs and associated benefits (...).” (European Foundation 2001)

Hence we were asked on the one hand to analyse the incidence of different measures in relation to wage developments (increases/reduction/freeze, index linked increases etc.), changes of the wage/salary structure or so-called non-inflationary financial participation arrangements. On the other hand, the analysis should focus on working-time related agreements (referring to the length of the working week, working time accounts, flexible working time schemes) and on the use of so-called atypical forms of employment (part-time working, fixed term contracts, out-sourcing) and the re-organisation of work. The analysis will present examples on the questions outlined that could be found in the PEC Case Studies. Where possible and appropriate defensive agreements (i.e. low roads towards flexibility) that show at least signs of Concession Bargaining (cf. Sisson 2001) will be counterposed to more pro-active or innovative

provisions that try to integrate the companies need for more flexibility with the employees' need for security.

In the Employment Guidelines for 2002 the Adaptability Pillar 3 consists of three guidelines (cf. Commission 2001c). According to this part of the EES '*consequent adaptation of work organisation*' is necessary if the opportunities created by the knowledge based economy and the prospect of an improved level and quality of employment are to be realised. This includes the implementation of lifelong learning strategies by all sectors including enterprises. Hence the '*modernisation of work organisation*' is the main aim of this Pillar and explicitly linked to improvements in the quality of work. Here the EES requires a '*strong partnership*' at all levels.

2.2.1. *Guideline 13*

Guideline 13 '*invites*' the Social Partners to negotiate agreements to modernise the organisation of work naming a range of subjects that could be included, mainly covering working time and pay issues. The guidelines list flexible working time arrangements, the annualisation of working time, the reduction of working hours, the reduction of overtime, the development of part-time working, career breaks.

These agreements are explicitly linked to competitiveness and change but also to the required balance between flexibility and security and the quality of jobs. Furthermore the social partners are asked to report annually on agreements on the modernisation of work. In relation to the implementation of this guideline the NAPs reveal a 'strong focus on working time issues' (Commission 2001g:33) with regard to the implementation of flexible working time issues. This is supported by government decisions to facilitate the modernisation of work organisation through the implementation of flexible working time arrangements and atypical employment.

“(...) other aspects in the context of work organisation have not received much attention e.g. the links between the introduction of new technologies and the need to adapt the organisational environment within an enterprise (...)” (Commission 2001:35)

In this paper I will not go into too much detail about the impact PECs could have on the implementation of the EES concerning the modernisation of work organisation as they are well covered by recent publications (cf. Freyssinet/Seifert 2001, Sisson/Artiles 2000). Nevertheless two things should be discussed here. One relates to the question of flexibility and security, the other to the quality of work. It is obvious that PECs at least partly connect flexibility with a certain range of security related issues. This is evident insofar as employment preservation is concerned. Also the principle of voluntary redundancies, often related to strategies of early retirement, severance pay packages and job search support, could refer to this issue. Hence, the security aspect of strategies to modernise the work organisation can emerge where integrative bargaining can materialise and concessions do not prevail. It is obvious that training and skills, revealing a long term commitment of employers to their employees, play a crucial role here to counter insecurity related to organisational changes and changes in working time

arrangements. Working time arrangements are crucial, insofar as they support the reconciliation of work and family life for men and women. Experiences of insecurity employees might be confronted with, may not necessarily come to the fore within companies but in somebody's private life possibly affecting someone's productivity and commitment in return. Hence, possibilities of companies to implement voluntary redundancy schemes, training programmes for their employees that are not dependent solely on the company's financial situation, and family friendly working times should form a crucial aspect in the balancing of flexibility and security.

Some of these are clearly discernible in the PEC-Case Studies but others – in particular the reconciliation of work and family life - are missing. Whatever can be said about the flexibility of working time, it is clear that reductions of actual working times and the possibility of employees to have a say in the length and position of working time influences the reconciliation of work and family life positively.

The second issue which should be discussed here is 'quality of work' which is still a rather vague issue obviously dependent on a number of elements (pay, working time arrangements, skill levels, contractual situations, national traditions etc.). Though it is obvious that most PECs touch quality of work issues, this point does not figure prominently in the case studies.

To discuss the possible relevance PECs could have for Guideline 13 I will focus on two related topics: flexible wage and salary arrangements and working time arrangements. There is a clear cut link between the latter and the goals that emerge from this Guideline of the EES. The question of flexible wage and salary arrangements however, does not figure explicitly in the Guidelines though 'labour costs' are seen as a critical factor to secure competitiveness as the Call for papers has highlighted (see above). In relation to the stability oriented macro-economic policies of the EU/ECB the control of labour costs and wage moderation has entered centre ground in industrial relations. Whereas the EES proposes indirect and more qualitative tools and measures aimed at this conflictual field PECs linking employment related questions and competitiveness often tackle labour costs more directly. On the one hand, this comes as no surprise as wages traditionally form a central focus of collective bargaining. On the other hand, wage developments are explicitly linked to the competitive position of companies through decentralised bargaining. Other demands are clearly subordinated.

Flexible wage and salary arrangements

Generally flexible wage and salary arrangements form a cornerstone of many PECs as has already been highlighted by the publications on these agreements. It is evident that their overall aim is to cut or at least control costs to secure competitiveness. They can be seen as defensive strategies to secure Adaptability as they try to raise competitiveness by bringing down costs and not by increasing productivity (understood as hourly output per worker). Very often agreements to review pay and salary schemes are linked to strategies of flexible working time arrangements. Hence, cost cutting is achieved via the control of additional payments and rates (e.g. for overtime, weekend work, extension of

balancing period to compensate longer hours etc.), though the basic hourly rates remain untouched.

Agreements to freeze or even cut wages especially in relation to increases agreed at higher levels of the bargaining structure (in many countries this is prohibited by the law though there might be discount or opening clauses) seem to be seldom. However, some agreements try to bring down company specific wage levels to industry wide ones, which can be seen at Opel (Germany) and the so-called Opel-wages (cf. Case Study Adam Opel AG). Similarly, at GM Vauxhall Motors (UK) the pay increases were lower than the industry average. Furthermore, pay increases were linked to the RPI (Retail Price Index) and the development of Sterling against the German Mark. Apart from that a new starter rate was introduced.

Very often agreements on pay reveal intentions to increase performance incentives via wages though fully developed systems of performance related pay seem to be rare. It remains doubtful as well, whether this strategy to increase output can be seen as a way to increase productivity. Very often performance related pay systems predominantly rely on an intensification of work.

However, the Co-operative Bank (UK) would be an example were an evidently quite generous system of performance related pay was introduced, paid from a 'pay pot' increasing by the annual rate of inflation plus 0,5%. At Enviset Ltd./Essex Communication EMS Ltd. (Finland) a performance related Bonus scheme (partly linked to team results) was introduced. Apart from that, a pay scheme was developed to support teamwork, mobility between teams and the development of multi-skilling. Generally a three level pay scheme was implemented and lower starter rates were introduced. At Blue Circle Cement (UK) pay progression was linked to skills acquisition.

The 'rationalisation' or simplification of pay structures seems to form a major rationale of pay roll reviews in PECs. Hyder Utilities/Welsh Water (UK) introduced a unified pay structure and a profit sharing plan. The Rover Group (UK) introduced a single pay grade for all employees, reducing the number of occupational classifications. S.A.Damm (Sain) introduced a three tier salary scale according to the length of service. Generally these 'rationalisations' seem to be linked to the company/industry specific understanding of working time. It appears that a 'rationalisation' of pay structures is linked to a simplification of the organisation of working time within the company. This generally means that there are less exceptions from standard working time regulations thus 'normalising' deviations from traditional working time patterns.

Some companies show a wide range of measures to adapt the pay structure. For example the Case Study on Lufthansa AG (Germany) mentions major salary adjustments for ground and cabin staff associated with the introduction of a two-tier pay structure, a 6 month suspension of pay scale increases for all staff and a compensation through lump sum payments instead, several rounds of wage freeze in the 1990s, a narrower salary structure for cockpit staff, reduced salary development, a new salary structure for cabin staff with a transition period and a 3 year pay freeze, a reduction of overtime pay, the

funding of the company's pension plan and finally the introduction of a share of company profits.

Very often reviews of the pay structure are linked to other adaptability measures, especially working time issues. A good example is provided by Irish Cement Ltd. which introduced a payment system based on annualised hours. Hence, there is a close relation between working time arrangements and the pay structure in this case. Basic pay is calculated at 39 hours, but concerning reserve hours, workers have the option to place themselves in five bands ranging from 0 to 450 hours. Thus, weekly working time can be increased to 48 hours as regulated by the European Working Time Directive. Additional payments were reduced to 'rationalise' the payroll system, monthly payment was introduced based on fixed annual salary (consisting of 39-hour week plus up to 450 hours overtime) paid in 12 'instalments'.

Working Time arrangements

The re-organisation of working-time arrangements is another crucial field where PECs provide a number of provisions that could feed into the implementation of the EES though some reservations have to be made about the balancing of work and family life, and flexibility and security. Generally agreements on working time aim at a number of issues. First they want to flexibilise the application of work according to the needs of the market, second they want to cut costs that might emerge due to fluctuations in demand and hence the use of work (over-time payments...), third they want to extend the running of machines, service hours etc. and to bring the temporal logics of work in line with production related requirements, fourth they simply want to apply work more productively in a given period of time. Without investments in skills or new technologies this is predominantly achieved through increased intensity of work.

Hence, the flexibility of working time can oscillate between the poles of working time reductions and working time extensions. In particular in relation to competitiveness the extension of working time of companies (when necessary) is said to be crucial. Thus, company working time is extended into formerly free periods (night, weekends...). This does not necessarily mean that individual working times will be extended as well. In fact such schemes seem quite rare. Rather, extensions of weekly working hours are balanced over a certain period of time thus keeping a certain average as written down by national working time regulations.

Nevertheless the flexibilisation of working time very often does mean to extend possible working time to non-social-hours (night shifts, weekend work) that can raise problems to re-conciliate work and family life and might thus undermine the EU goal of 'Social Cohesion'. Hence it could be argued that the necessity to work non-social hours should be balanced against working time reductions tailored to the individual's and company's need.

In the following section I will analyse the PEC Case Studies in relation to provisions that lead to an '*Extension of working time for employees*' or measures that are aimed at longer '*machine/services running times*'. Finally I will present some examples that

provide *'Innovative agreements on working time'*. In relation to the Case Studies it would have been interesting to go into more detail about the relationship between measures at the company levels and regulations and developments at the macro level – be it national or - of growing importance - European. Though the Case Studies do not provide in depth analysis between agreements on Company Level and their interaction with macro-level regulations. However, it becomes evident that macro-level regulations pose a certain limit to or even steer strategies to flexibilise working time. Nevertheless, it can be concluded that innovative arrangements in particular are dependent on existing macro-level frameworks and provisions that support decentralised social actors to develop strategies to increase the Adaptability of companies and balance it with the employees' need for security.

Extension of working time for employees

A clear cut attempt to increase working times in general, could be found at a German company. At Ravensburger AG an extension of the weekly working time of up to three hours without compensation was envisaged. Absenteeism should be reduced. Though the provisions remain rather unspecified in the Case Study it becomes evident that absenteeism was linked to the working climate.

Other agreements contain at least elements to increase working times. At Lufthansa AG (Germany) the changes in the working time structure were linked to a major overhaul of the pay structure. For ground staff a system of flexible annualised working time linked to a flexible shift system was introduced, working time regulations were linked to productivity increases. This agreement also contains elements to increase working time as the number of days-off was reduced for certain categories of employees. For Cockpit staff *'intelligent part-time models'* were introduced. Nevertheless it is remarkable that new flight and rest times are regulated according to the law, thus provisions before must have been more favourable for the employees.

Another dimension to increase times to deploy workers could be found at Adam Opel AG (Germany). Here a range of flexible working time patterns had existed before the agreements of the 1990s which were then complemented by measures on absenteeism, which had to be reduced to a certain level for the company to provide a Christmas Bonus (hence control of voluntary absenteeism was transferred to the employees). Furthermore the recreation time of about 4 minutes per shift was reduced, in flexitime areas a daily minimum presence of six hours introduced.

Extensions of machine/services running times

A certain number of agreements clearly aim towards longer running of machines, sites and services. At GM Vauxhall Motors (UK) a variable 'hours corridor' (+/- 5 hours per week) was introduced. The Company now has the possibility to ask employees to work a single shift over the Spring week break and/or one week of the Summer break (usually three weeks) voluntarily. Workers would not receive enhanced pay but could reschedule the week's leave. At Ford (Spain) an agreement was reached on Saturday work to meet

fluctuations in demand. The figure reached was 10 Saturdays per worker to be worked on a voluntary basis, and this work was to be compensated. By 2001 working time will be reduced to 36,5 hours (as opposed to the unions proposal of 35 hours). At La Caixa (Spain) the agreement consists of a proposal to accept flexible working hours in the morning and afternoon for the group of 'exceptional offices', and Saturday opening for another group. Furthermore a pact on flexible starting and finishing times was concluded as was an agreement on overtime, that was to be compensated in free time (though officially nobody declares overtime). At Sony (Spain) a 4th and a 5th shift, floating days (compensated by free days) to have the company working a certain number of days and Saturday work have been introduced. At Irish Cement a system of annualised hours was introduced as discussed above. At Philips Lebring (Austria) a 7-day week model was introduced. This included the introduction of a fourth shift, weekend work of course, and a cut in normal working hours of about two hours to 36.43 hours. Weekly working time can be extended, plus hours have to be balanced over a 13 weeks period or be paid.

Innovative working time arrangements

At Volkswagen (Germany) a more innovative approach towards working time was introduced. This concerned the widely debated four-day week for employees (based on partial wage compensation, 7 hour shifts per day). Though based on a remarkable reduction of working time the factory secured 5 opening days for production and a time corridor to extend working time up to 35 hours in some departments. The Case Study reveals an impressive number of other related working time arrangements that served to secure jobs, prevent disruption of work procedures and increase productivity. A quite innovative provision is the so-called *Beschäftigungsscheck* that allows employees to bank overtime that can be used to reduce working time collectively (if a whole group is concerned), to use it individually over a 12 months period or to use it for sabbaticals for training or personal reasons.

Though in principle similar to the agreements mentioned before which aim at longer periods of machine running a number of pacts reveals provisions that offer quite innovative working time arrangements for employees providing longer periods off. They can rather be found in Scandinavian countries. At Enviset Ltd. a system of flexible working hours was introduced allowing for a corridor/hours account of +120 and -80 over the pay period. The maximum weekly hours is 60, the period during which actual hours are to match regular hours is one year. Any leisure time due to reductions in regular working hours is transferred to the hours account once a month. Legal working times in Finland were reduced by about 2 hours a week in the last years, hence working time accounts are credited by about 8 hours a month. At Danfoss a flexible working time system was introduced. The weekly working time may vary between 45 and 30 hours. The hour balance status of an employee is not allowed to exceed +85 and -15 hours, overtime cannot be cashed in. The maximum work day is set at 10 hours, the maximum working week may include 5 weekdays.

2.2.2. *Guideline 14*

Guideline 14 is concerned with barriers to work, new forms of employment and work and health and safety. Member States are asked to take action, where appropriate in partnership with the social partners, or in drawing upon agreements negotiated by the social partners. Member States have to review the regulatory framework to examine proposals for the reduction of barriers to employment, facilitate the introduction of modernised work organisation and to help the labour market adapt to structural change in the economy. Furthermore they have to take into account that employment forms are increasingly diverse. Hence more flexible types of contracts are to be created that serve the needs of businesses and the security of workers.

The growth of atypical or precarious forms of employment in the European Countries raised the issue of their regulation and integration into existing legal frameworks, social security systems and the like. As highlighted by Ida Regalia and her research group (cf. Regalia 2000, McIlroy et al 2000) they predominantly serve to secure external (new forms of employment) and internal (new forms of work) forms of flexibility. As the development of internal forms of flexibility is rather covered in the discussions on the role of training, multi-skilling and skill strategies in PECs and partly in company specific regulations of working time, I will focus the debate here on external forms of flexibility and their occurrence in PECs.

Generally, it becomes obvious that flexible forms of employment serve company needs to tackle fluctuations in demand and to adjust labour supply according to needs of the market. Though some references are made to part-time this employment form does not figure prominently in the case-studies. The reason for this could be that their status is quite similar to those of full-time permanent workers in many countries (cf. McIlroy et al 2000:3), thus they pose no particular problem. Two forms are more important: temporary work and out-sourcing. The record of the PECs in relation to these forms of atypical employment is quite ambivalent. On the one hand, the pacts are about the acceptance of out-sourcing and the use of temporary workers to adjust to seasonal fluctuations by the employees. Unions try to reduce the use of these external forms of flexibility. Thus, they try to minimise strategies of outsourcing in particular. On the other hand there are quite a number of attempts to stabilise the situation of atypical employees, especially attempts to secure permanent contracts for temporary workers.

Temporary employment

Hence a number of PECs cover the contractual status of temporary workers. At GM Vauxhall temporary employees were made permanent when there was the opportunity for additional employees though the number of temporary workers actually increased. As the company underwent a period of up-skilling even temporary workers received heavy training investment according to the case study. At Philips Lebring (Austria) a part of the agreement regulated the proportion of temporary workers (20%, at peak times 25%) of the overall workforce, temporary workers employed at the weekend were not included in this calculation.

An interesting example are the Spanish case studies. Here the questions of the contractual status of temporary workers figure prominently. On the one hand, this is because of the high number of temporary contracts in Spain, which is related to high levels of protection in permanent contracts. On the other, the provisions to give them permanent or more stable contracts are clearly linked to the Spanish Social Pacts of the 1990s which among other things tried to tackle this issue. At Ford (Spain) management promised a commitment to secure the posts of existing temporary workers should things return to normality, though their contracts had already been cancelled. However, temporary jobs would not be turned into permanent ones as the unions had required. At La Caixa the transformation of temporary employment into permanent one figured prominently in the negotiations, relations to a national level agreement on Job Security are evident. Hence in the agreement it was guaranteed that 80% of temporary contracts would become permanent after three years. Apprenticeship contracts were to be transformed in permanent ones. At Sony (Spain) part-time temporary contracts, that had served to adjust work supply to seasonal fluctuations during about 8 months of the year, were transformed into permanent ones. These employees work 80% of standard working hours, their wage packet is distributed throughout 12 months. The Case Study does not clarify the advantages workers, who lose out on unemployment benefits under these conditions, gain from these contracts. Evidently, Social Security payments are reduced thus this agreement contributes to the review of the tax and benefit structure as envisaged under the Employability Pillar. Another 525 full-time temporary contracts (about 43% of the workforce in the low season) have been made permanent within three years. At S.A. Damm the company gave a commitment that for one out of every three voluntary redundancies among permanent workers, a discontinuous permanent job would be converted in a permanent one.

Outsourcing

The question of outsourcing is evidently a more contentious issue. At Blue Circle Cement (UK) the number of contractors was to be reduced to specialists or those with equipment not present within the company. However temporary workers were the first to go. At Heineken (Netherlands) no outsourcing was to take place during the agreement. Currently out-sourced work is to be sourced in-house (if possible). At Howmedica International Inc. (Ireland) the contracting out of work became possible only under a set of circumstances agreed between the social partners. It should serve the meeting of demands that could not be fulfilled with the existing manning levels but should have no effect on future staff numbers. An external source of product or services should be kept to meet unexpected significant increases in demand.

However, generally questions related to New Forms of Employment and Work seemingly do not figure prominently within PECs (at least in some countries and if compared with other issues). Apart from national peculiarities that could lead to this fact, the question emerges whether this would reveal a low use of NFEWs in companies that are prone to conclude PECs. It could also raise the question about the character of PECs. Who is the 'subject' of PECs? If we assume that the use of NFEW is rather

widespread (cf. Regalia 2001) but they do not figure prominently in PECs then it is possible to conclude that these pacts are about the ‘core workforce’.

CONCLUDING REMARKS: CONSIDERATIONS ON THE PRESCRIBED ROLE OF THE SOCIAL PARTNERS IN THE EES

The preceding analyses have shown that PECs display a wide range of provisions that could well feed into the EES in relation to its Employability as well as its Adaptability Pillars. Certainly some reservations and doubts had to be raised whether all measures could necessarily be seen as innovative and proactive thus supporting the Lisbon goal of becoming the world's most dynamic economic region. But the mere existence of these agreements cannot explain how they could be integrated into the EES. For this it is necessary to discuss how the EES tries to address and implicate social actors – in particular the social partners. Therefore, to understand the role PECs and similar forms of bargaining and agreements over employment could play within and for the EES it is necessary to analyse the evolving role of the social partners in the Luxembourg Strategy and the employment guidelines. The position of the social partners as envisaged in the EES has increased considerably since its inception in the first employment guidelines for 1998 and 1999 (cf. Commission 1997, 1998). The 1998 and 1999 guidelines aimed at 'Encouraging a partnership approach' under the Employability pillar. Evidently the actions of the Member States alone were deemed not sufficient to achieve the desired results. Hence

“the social partners are urged, at their various levels of responsibility and action, to conclude as soon as possible agreements with a view to increasing the possibilities for training, work experience, traineeships or other measures likely to promote employability.” (Commission 1998, 1999)

Furthermore they are asked to develop possibilities for lifelong learning to reinforce the development of a skilled and adaptable workforce. Under the Adaptability Pillar 3 references to the social partners were made in relation to the modernisation of the organisation of work, working time and the required balance between flexibility and security. Hence the social partners should be part of the emerging method of 'open co-ordination' that should guide the drawing up of the NAPs and their subsequent implementation according to the quantitative targets specified for some guidelines.

“Even though the government officials of the different Member States are those who eventually submit their NAPs to the Commission, the social partners are bound to be consulted during the process of drawing up the NAP and invited to become actively involved in the definition and implementation of those guidelines that directly call on their intervention within the framework of collective bargaining.” (Institut des Sciences du travail 2000:21)

Goetschy lists three aims of the EES to which the involvement of the social partners and other social actors and stakeholders contributes (cf. Goetschy 1999:130-131). Thus the specific character of the Luxembourg Strategy serves to increase the legitimacy of Community level action by respecting a greater degree of diversity of national industrial relations and labour market systems.

“Already within the Maastricht social agreement, the objective was to diversify Community-level rule-making methods (...) and to align such Community-level regulation (which was essentially of a legislative nature) with current national practice (which in many countries derived primarily from collective agreement).” (Goetschy 1999:131)

The second aim she mentions is to improve the efficiency of Social Europe by developing new regulatory mechanisms beyond the two basic legislative and contractual rule-making methods. The alternative appears to be a method to involve Member States more deeply in the pursuit of commonly defined Community guidelines based on rather ‘soft’ forms of regulation. Therefore, co-ordination follows public recommendations, best practice, expert consensus, mutual information and consultation over a long period of time.

The third aim is to serve as a catalyst by making national policies public and comparable by establishing external constraints and creating a common knowledge base through shared statistical tools, benchmarking and indicators.

Nevertheless, assessments of the involvement of the social partners in general and the unions in particular are a bit contradictory. In evaluation of the assessment of the social partners of the 1998 NAPs the Institut des Science du travail states:

“Globally, the social partners express a rather positive judgement on the 1998 NAPs (...).”

And for the 1999 NAPs:

“Apparently, it can be inferred (...) that – in comparison with the 1998 NAP – consultation and involvement of the social partners was intensified during the process of drawing up the 1999 NAP.” (Institut des Science du travail 2000:22/23)

This does not mean that there were not considerable differences in the scope of this involvement which range from a sharp rejection (as in Spain in 1998) to a full appreciation of the whole process (as in Austria in 1998). Nevertheless, the Institut des Science du Travail adds that the involvement remains rather formal, NAPs remain the prerogative of national governments and at best peak organisations of the social partners (cf. 2000:24).

It is especially the trade unions that show considerable dissatisfaction about their involvement in a number of Member States (cf. Foden 1999 a+b) as was the outcome of a questionnaire by the ETUC sent to its members.

“(...)The ETUC recalled that national traditions, and trade union demand, vary as to what the social partner role in the employment policy should be, with quite different emphases in different countries as to the appropriate balance of information, consultation, discussion and negotiation. The ETUC also notes that there had generally been ‘involvement’ of trade unions in the NAP process, which was welcome, and even innovative, while still falling short of what unions would have wished for in many cases.” (Foden 1999a:202-203)

Especially in relation to negotiations between unions and employers on training, work organisation and working time it became evident that the Guidelines could so far not encourage negotiations where they were not already taking place (which was mainly at

sector level or below (cf. Foden 1999a:204)). The same has to be said about the articulation of negotiations and agreements between different levels such as Territorial Employment Pacts and national level actions. Nevertheless, most commentators refer to a growing involvement of the social partners in the NAPS at all levels.

“One of the telling features of this development is the increasing number of interventions by social players from the sectoral, regional or local levels besides the central organisations of those social partners that usually take part in negotiations or concertation at the national level.” (Institut des Science du travail 2000:29)

But, the most far reaching agreements remain bipartite or tripartite pacts on employment.

According to Foden (cf. 1999a) the Commission also showed some frustration about the rather sketchy report of the involvement of the social partners in the EES and he points out that it comes to similar conclusions as ETUC and other commentators. These assessments by the Commission have not changed much since then, though it acknowledges progress in some areas and in some Member States. Hence it highlights a trend towards often tripartite partnerships – i.e. Social Pacts on a wide range of issues including

“wage moderation, supporting employment through re-balancing the cost of working, modernisation of the legislative framework, the introduction of new forms of work organisation, and latterly, an increasing emphasis on lifelong learning.” (Commission 2000)

In relation to continuous training and addressing the skills gap a number of partnerships between national authorities and social partners have been established. In some Member States this is the case at the local level in particular.

“However, despite individual examples provided by the NAPs the general picture of training provision through agreements remains incomplete.” (Commission 2000)

Concerning partnerships aimed more directly at the modernisation of work organisation the Commission mentions only (or at least) some positive steps that have been taken. Hence, regarding this patchy pattern of social partner involvement it is understandable that the Commission states in the Joint Employment Report 2001:

“In general, the NAPs reflect a trend towards the desired strengthening of co-operation, but on the whole contributions of social partners still lack visibility and concreteness both at European and at national level.” (Commission 2001:17)

This clearly shows a growing concern of the Commission to integrate the social partners at all levels in the concretisation and implementation of the EES. Interestingly the exhortation of the social partners to participate in the EES is less strong if compared to the appellation of the Member States. Whereas the exhortation of the Member States under the Horizontal Objectives evokes ideas of obligation (the Member States ‘will’ or ‘shall’ do something) the social partners are rather ‘invited’ (e.g. three times under the Horizontal Objective D (cf. Commission 2001:9; about the discursive construction of the EES see: Muntigl et al 2000)). This could reveal a rather tentative approach of the

Commission towards the involvement of the social partners ‘at all levels’, on the one hand showing interest in their participation on the other avoiding any idea of disregarding their independence and autonomy. The Commission evidently wants to have them on board but does not want to prescribe the way this could be achieved.

Generally the 2002 Guidelines (cf. Commission 2001) require the involvement of the social partners in a far wider range of fields and objectives. Under the ‘Horizontal Objectives – Building Conditions for full Employment in a Knowledge-based Society’ the social partners are offered ‘shared responsibility’ with public authorities, enterprises, civil society and individuals ‘to contribute to the realisation of a knowledge-based society’.

“In this context, the social partners should negotiate and agree on measures to improve further education and training of adults to enhance the adaptability of workers and competitiveness of business.” (Commission 2001:9)

Furthermore, Member States are explicitly asked to develop a partnership approach with the social partners “for the implementation, monitoring and follow-up of the Employment Strategy” (cf. 2001:9). The social partners are invited to support the Luxembourg process and to develop their own processes of implementing the guidelines in accordance with national traditions and practices. Their involvement is also required in the development of appropriate indicators and benchmarks, supporting statistical databases to measure progress.

As the involvement of the social partners has become a horizontal objective it should eventually apply for the EES in general, hence for all guidelines, ‘if appropriate’ as this involvement is usually phrased. Generally, in the guidelines the involvement of the social partners is now more frequently referred to than in the 1998 or 1999 versions, but there is no clear specification. It is usually the Member States which are asked to involve the social partners, ‘if appropriate’, hence initiative seems to rest with them. E.g. under the Employability Pillar 1 social partners are to be involved to develop policies for active ageing and to identify and prevent emerging bottlenecks on the labour market. Under the Adaptability Pillar 3 it is still the Modernisation of work organisation which is geared towards social partner action who are ‘invited’ to negotiate and implement agreements at all appropriate levels (Guideline 13). They are also ‘invited’ ‘at all relevant levels’ to conclude agreements ‘on life long learning’ to facilitate adaptation and innovation (Guideline 15). Furthermore their involvement is required in relation to the reduction of barriers to take up employment and for more flexible types of contracts reflecting increasingly diverse forms of employment (Guideline 14). But here again it is the Member States that are asked to look for partnership or existing agreements ‘where appropriate’.

It is obvious that in principle PECs and similar forms of agreements on employment between social partners and other actors on employment could feed well into this overriding aim of the EES. Nevertheless there are some reservations that have to be made. The Commission asks the Member States to involve the social partners ‘if appropriate’, it also ‘invites’ the latter to participate and take action in some fields but it evidently does not take into account that there might yet be a range of existing forms of

agreements and regulations on the topics covered by the EES. Hence the EES neither does acknowledge that social actors – and in particular the social partners – might more or less independently develop regulatory forms to cope with the changed macro-economic framework. Nor are the NAPs asked to look for such emerging forms which could reveal some self-organising/autopoietic capacity of social actors to cope with the situation they are in and the challenges they are confronted with.

This could reflect some of the shortcomings the method of ‘open co-ordination’ could lead into. Goetschy refers to worries about the increasing complexity and clumsiness of decision making due to the multiplication of actors involved in the process of the EES (cf. Goetschy 1999:134). Hence she states:

“Yet the complexity of the process allows the Commission to shape the whole process in a fairly authoritative way. As in the past, and even more so in employment matters, faced with a great diversity of national interests the Commission continues to direct the show as it manages the agenda, has intimate knowledge of the institutional and procedural complexities of the EU and is able to represent the history and memory of Community proposals as against the circulating EU presidencies and the changing political identities of member states.” (Goetschy 1999:135)

Looking at the drawing up of the NAPs it would not be far fetched to argue that a similar development is replicated on the national level, where it is government that takes the initiative as highlighted above. Thus the question arises how emerging forms of agreement and negotiations between social partners as detected by the studies on PECs, New Forms of Employment and Work (cf. Regalia 2001) and Territorial Employment Pacts (Institut des Sciences du travail 1999, 2000) could feed into the EES considering their decentralised status. The Guidelines depict the fields where the social partners should be involved and take action but remains rather vague how this could be achieved. It sometimes asks about their involvement at all levels but does not clarify what this could mean. Or to put it differently, it does not ask the Member States to look for ways to involve them at all levels in a substantive way.

Hence, this perspective involves centralised top down pacts which might ask about the active consent or participation of decentralised social partners who possibly have the chance to conclude their own agreements within the framework provided. But it does not specify whether emerging decentralised agreements and pacts could provide qualitatively new provisions that could contribute to the Luxembourg Strategy. The self-organising potential of social actors has been highlighted by Regalia in relation to the regulation of New forms of Employment and Work (NFEW).

“Contrary to what is widely believed, it is our general assumption that in fact the organised actors at the local level (firms, employers’ associations, trade unions, public institutions, self-employed associations, etc.) may find it expedient to elaborate in a concerted fashion new rules for the use of NFEW: They do so in order to reduce some of the negative or undesired effects of recourse to such flexible forms of employment when they are subject only to regulation by the market.” (Regalia 2001:660)

Thus PECs and other new forms of agreements and regulations and their emergent characteristics could help to develop and sustain a bottom up perspective in the field of the EES that could strengthen social cohesion and deepen European Integration.

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