

# Mapping key dimensions of industrial relations in Europe

## Introduction

Industrial relations systems involve a complex web of rules, with political, economic, labour and social inputs interacting with institutions and practices to generate outcomes. These outcomes can be wage-setting agreements, employment relationships, as well as other intangible assets, such as trust, mutual recognition, cooperation schemes, social and industrial peace. Embedded as they are in national – and, increasingly, transnational – political, economic and social environments, industrial relations systems have undergone important changes in the last decades of the past century. The aim of this research is to monitor and analyse to what extent these changes and developments have affected both the understanding and the dynamics of these systems. Based on contributions from Eurofound's network of European correspondents in all 28 EU Member States, the report identifies and discusses key dimensions – and underlying subdimensions – relevant to industrial relations systems in Europe in the 21st century. The report also assesses existing data sources and proposes indicators that can be used to measure these different dimensions.

## Policy context

Throughout most of the 20th century, the role of industrial relations and its importance for the political, economic and societal context was not questioned. The actors (trade unions and employers) were seen to play a strong role; the processes (collective bargaining and industrial action) were visible to citizens; and the outcomes (collective agreements and labour law) played an important, if not central, role in the governance of work and employment.

However, from the 1980s onwards, factors such as increased globalisation, technological progress, declines in trade union density and the decentralisation of collective bargaining started to exert a significant impact on industrial relations systems. In recent years, moreover, relevant changes in some EU Member States as a consequence of the economic and financial crisis have accelerated some of these long-term trends and resulted in new developments: the decline of collective bargaining

coverage; the destandardisation of employment relations; the reduction in the size of the public sector workforce; and changes in welfare systems in many countries.

## Key findings

### Four key dimensions

The research highlights the following aspects as being key dimensions of industrial relations systems:

**Industrial democracy** – based on the autonomy of the social partners as well as on the participation and representation rights of employees in the governance of the employment relationship.

**Industrial competitiveness** – based on an economy with a consistently high rate of productivity growth. The complex relationship between economic competition and industrial relations is captured through the four sub-dimensions of industrial competitiveness: increasing productivity and growth, establishing a strong base of market stability, providing high-quality resources for businesses to utilise and creating an environment of innovation and entrepreneurship.

**Job and employment quality** – based on career and employment security, health and well-being, the ability to reconcile working and non-working life and the opportunity to develop skills over the life course.

**Social justice** – based on the fair and non-discriminatory distribution of opportunities and outcomes within a society. By defining it in terms of self-determination and self-realisation, social justice brings together four concepts: equality of opportunity and equality of outcome, as well as non-discrimination and fundamental rights (both of which underpin the first two concepts).

### Relevance and interconnectedness

The conceptual framework and the four dimensions were pre-tested in terms of their ability to map national industrial relations systems. Overall, the findings showed the relevance of the key dimensions to European governments and social partners. All the key dimensions

and sub-dimensions proposed are, to some extent, valid, relevant and regularly debated at national level.

The interconnectedness of the four dimensions was also highlighted: the proposed dimensions are not compartmentalised or mutually exclusive. On the contrary, they work well together and are seen as key components of an industrial relations framework.

### Role of stakeholders

The holistic approach of the conceptual framework can provide valuable insights to stakeholders, aiding in understanding the relationship between the key dimensions in a given industrial relations system as well as the priorities set by the actors.

The interpretation, application and implementation of the key dimensions depend on the stakeholders' affiliation and their national industrial relations system. It could be useful to develop a harmonised conceptual framework, especially for cross-country comparisons and mutual learning processes.

### Debates and discussion by relevant actors

**Industrial democracy** is mostly seen as a strategic dimension for the trade union movement, but appears to be less important for employers and governments.

**Industrial competitiveness** appears to be the most debated dimension at national level. Even though it is a new concept within the context of industrial relations, it is profoundly rooted in the debate on efficiency.

**Social justice** is an issue that is much less discussed, although, with societies becoming more heterogeneous and unequal, in particular in the wake of the crisis, this dimension has come to the fore in recent years.

**Job and employment quality** is discussed in an uneven way across the EU28 Member States, as the importance of this dimension is highly dependent on the performance of the national labour markets. However, fundamental changes taking place in the field of work and employment are challenging this dimension and call industrial relations systems as we know them today into question.

Following a methodological process of defining criteria to be applied to each dimension, a draft set of indicators has been identified aimed at further mapping and analysing the four dimensions and their subdimensions.

## Conclusions

Despite the dramatic transformation of collective industrial relations in recent decades, there are good reasons why industrial relations still play an important role in EU Member States and in society today. Sound, effective and well-functioning industrial relations have the following characteristics:

- they are efficient mechanisms involving both sides of industry in achieving better business performance and equitable outcomes in line with the principle of horizontal subsidiarity;
- they are tools for redistributing income, as well as achieving social and industrial peace;
- they provide a set of collective values (such as trust, industrial peace and cohesion), not only for the relevant actors but for a society as a whole.

Applying key dimensions of the conceptual framework aids in:

- examining the dynamics of industrial relations and analysing how industrial relations systems are changing and adapting to new challenges;
- monitoring and assessing developments in principles and values and their operational application in the industrial relations systems in the EU;
- ensuring a sound balance between social justice (equity), industrial democracy, and industrial competitiveness (efficiency).

Measuring the key dimensions and subdimensions is a challenging exercise that can be completed only by applying the indicators to the national industrial relations systems. A follow-up project will complement the conceptual framework by refining and applying the indicators to the industrial relations landscape in Europe. On the basis of the results, either a dashboard with a set of relevant variables or an index summarising and aggregating variables in order to make comparisons over time and across countries could be developed.

### Further information

The report *Mapping key dimensions of industrial relations in Europe* is available at <http://bit.ly/MappingIR>

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