

# The Evolution of Union Politics for Atypical Employees: A Comparison between German and Austrian Trade Unions in the Private Service Sector

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Since the early 1980s, most European unions have faced substantial decline in membership levels. Although the majority of unions were reluctant to organize atypical employees until recently, some of them have begun recruiting atypical employees as one possible solution to tackle the membership losses. Comparing the largest service sector unions in Austria and Germany, the GPA and Verdi, the article addresses three major problems unions are confronted with in organizing atypical employees in general, and dependent self-employed workers in particular. Following a most-similar-country design, the article examines whether and how the strategic responses to this problem by the two unions differ.

*Keywords:* atypical employment, membership, restructuring, self-employment, trade unions

## Introduction

Since the late 1980s, trade unions in Austria and Germany and in almost all EU countries, with the exception of Scandinavia, have faced sustained membership losses. This development has led a number of unions to adopt counter-strategies to prevent a further decline in density rates (Goslinga and Sverke, 2003). One solution put forward has been the inclusion of atypical employees into their representational domain. However, until the late 1990s, most German as well as Austrian trade unions had clearly opposed

many forms of non-standard or atypical employment, as they were considered to undermine prevailing regulations of labour protection and social security. Only a few trade unions, for instance the Austrian Union of Salaried Employees (GPA) and the German United Service Sector Union (Verdi), have recently rethought their position in favour of representing atypical workers as well.

The term 'atypical employment' captures a wide range of employment relationships, such as part-time work, temporary employment, temporary agency work, dependent self-employment, minimal employment and so on. Although the number of dependent self-employed workers is still low, they are the focus group for this article, since, for reasons discussed later, they are assumed to be even less union-minded than other groups of atypical employees. Under dependent self-employed workers we subsume formally self-employed persons without own employees. Hence, the focus is on emerging employment arrangements that are mid-way between self-employment and dependent employment. Dependent self-employed workers have some characteristics of both: first, they are formally self-employed (usually they have a sort of 'service contract' with the employer); second, they are dependent on one or at the most two major employers for their income.

Comparing the largest service sector unions in Austria and Germany, the GPA and Verdi respectively, the article aims at revealing some features of their strategies and behaviour as well as related problems concerning the organization of self-employed workers. Almost all unions across Europe face similar problems concerning the decrease in membership and therefore might be intending, among other solutions, to recruit new social groups to compensate for the losses. Hence, some of the patterns of behaviour and problems regarding the two unions studied here might provide a framework for the study of other unions.

The article addresses three major questions: Why did the two unions consider organizing the self-employed? How successful have the two unions selected been in organizing this particular group, testing the assumption that a dedicated set of selected services does attract new members? What are the differences and similarities between the two unions concerning their activities, strategies and organizational reforms?

In order to answer these questions, which are strongly concerned with the organizational properties of trade unions, the article is structured as follows: after introducing the methodology and the

theoretical approach utilized, we deal with socioeconomic and labour market developments, which provide the background information needed to explain the surge of the group we have focused on, namely dependent self-employed workers. Industrial change is commonly seen as going hand in hand with a decrease in union membership (Ebbinghaus, 2002). This assumption is critically assessed here, and juxtaposed with trade unions' recent attempts to tackle the problem of membership losses. The unions' overall behaviour and strategies depend a great deal on labour law and social security regulations in that they shape the characteristics and (potential) representational needs of self-employed workers. Hence, Austrian and German legal regulations and their impact on self-employed work are discussed and compared. Finally, we provide an insight into and comparison of the restructuring processes of the GPA and Verdi, their current organizational structures and constitutions, membership developments and a few examples of current activities targeting dependent self-employed workers.

## **Methodology**

Following a most-similar-country design (Przeworski and Teune, 1970: 37), we have selected Austria and Germany and their largest trade unions respectively, for comparison. The most-similar-country design controls for the structural conditions that embed the unions and enables us to investigate the differences in their strategic choices. Both countries indicate almost equal statutory terms and conditions of employment, and they have faced similar recent economic and political developments. The German Verdi resembles the Austrian GPA in that they both represent employees in the private service sector of the economy, where the majority of dependent self-employed workers are considered to be present (primarily in the industry-related service sector, such as computer industries as well as in the commerce, transport and communications sector) (OECD, 2000: 162). Moreover, Verdi and the GPA were in each case not the first but the second unions of their countries that expanded their domains in favour of dependent self-employed workers. Besides these similarities, the article focuses on the remaining differences between the two unions regarding their activities, strategies and organizational structures. According to George and McKeown (1985: 41), a structured, focused comparison of two cases requires

the formulation of 'theoretically relevant general questions to guide the examination of each case'. Hence, the theoretical framework applied, namely Schmitter and Streeck (1999), provides a starting point and guideline for a detailed explanation of the cases in question.

The relevant data were collected through four expert interviews with union staff concerned with the subject matter at different hierarchical levels and two voluntary officials who are dependent self-employed union members (referred to respectively as 'interview'), as well as investigation of the two trade unions' internet sites. Moreover, I myself hold the position of a union representative of atypical employees in the Austrian GPA and took part in numerous internal and public discussion forums. I am well aware of the methodological problems that might arise from this constellation. However, since I have a permanent employment relationship with the university and am therefore not affected by any union politics with regard to the self-employed workers, my role can be primarily defined as a participant observer (referred to as 'observation' in the following text).

### **Theoretical Approach**

At first glance, one might expect unions to tackle the problem of declining membership simply by attracting atypical employees to join. However, as the International Labour Organization (ILO, 1999) puts it: 'Organizing [atypical workers] does not mean just recruiting new members in the workplace and providing them with services. It is equally about connecting them with current members, potential members and other groups in society who share less and less a commonality of interests in order to build a strong social movement.' Thus, apart from the recruitment problem, unions have to solve a two-dimensional problem concerning any group of (self-)employees (Schmitter and Streeck, 1999; Traxler, 1993; Wiesenthal, 1992): first, they have to reconcile the (often heterogeneous) interests of their (potential) members in order to successfully aggregate subjective needs and desires to a collective identity. Second, unions have to set up specific forms of interest organization in order to realize an effective and efficient collective interest representation vis-a-vis employers and the state.

Philippe Schmitter and Wolfgang Streeck (1999) conceptualized this problem in the following way: they assume that interest associa-

tions face two logics of exchange, with their members on the one hand and with public authorities and other associations on the other hand. These organizational logics are referred to as the logic of membership, which concerns the social integration of members within the system of an interest association and is influenced by the kind and structure of membership interests, and the logic of influence, which guides interactions with other interest associations and state agencies and is affected by the characteristics of these organizations.

### *The Logic of Membership and the Logic of Influence*

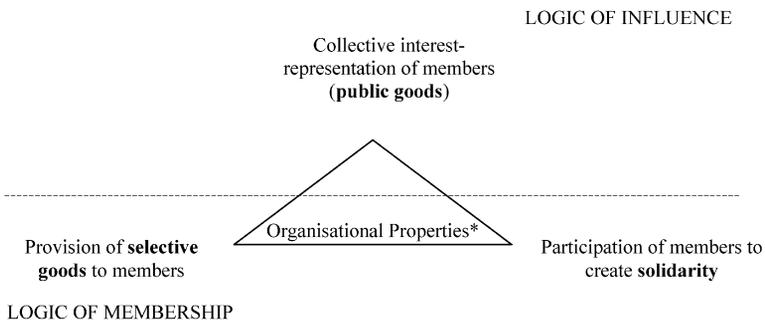
Trade unions never represent *all* workers, rather they include only certain groups of workers, while excluding others: 'they act on behalf of specific constituencies, with criteria of inclusion which at the same time are necessarily principles of exclusion; and they focus on distinctive aspects of their constitutions' needs, aspirations and experiences' (Hyman, 1996: 55). Thus, the membership domain of a trade union can be either narrowly defined to include for instance only persons working in certain sectors or professions, or it can be more encompassing. The decision of how to demarcate (potential) trade union members from non-members is determined by past as well as current decisions to integrate certain (new) groups of workers within the union domain. However, after these decisions have been made, trade unions must 'structure themselves and act so as to offer sufficient incentives to their members to extract from them adequate resources to ensure their survival, if not growth [logic of membership]' (Schmitter and Streeck, 1999: 19). In addition, 'they must be organized in such a way as to offer sufficient incentives to enable them to gain access to and exercise adequate influence over public authorities [and employers' associations] and, hence, to extract from this exchange adequate resources (recognition, toleration, etc.) enabling them to survive and prosper [logic of influence]' (Schmitter and Streeck, 1999: 19).

Since in liberal societies trade union membership is voluntary, (potential) members need to be attracted to join and stay by the provision of incentives/goods. Three types of activity<sup>1</sup> are considered vital for trade unions in order to recruit new while keeping old members:

1. To provide selective services to their members (e.g. legal advice and representation);
2. To ensure participation of members aiming at the creation of consensus around solidaristic goals (internal democracy); and
3. To guarantee collective interest representation of members (e.g. lobbying, collective action).

While the provision of the former two goods is influenced by the characteristics of their members’ interests, unions’ ability to provide public goods also depends on the willingness of employers’ associations and public authorities to negotiate a compromise with them (Figure 1). As regards the logic of membership, comparative studies show that union responses to declining membership levels follow the differentiation between selective services and participation. While certain union movements have adopted a ‘servicing model’, others focus on an ‘organizing model’ (Waddington, 2000).

Hence, the two logics are supposed to delimit a certain ‘space’ and set of constraints within which interest associations must operate. Unions do have at least two possibilities to realize an integration of self-employed members. According to Abrahamson (1993: 405), union structures can be extended vertically or horizontally. Extending a union structure vertically involves the inclusion of groups at the same workplace or industry regardless of their particular occupational specialities or skill levels (industrial unionism). Extending a union structure horizontally means the enlargement



\*Choice of present organisational properties (i.e. internal structure, organisational principles, decision making procedures etc.) restricted by past organisational properties.

**FIGURE 1**  
**Types of Activity of Trade Unions**

of the occupational group by including similar groups in other enterprises (crafts unionism). Most interestingly, Abrahamson (1993: 406), who studied the Swedish LO, came to the conclusion that mixed structural patterns, compared to more straightforward ones, carry higher costs with regard to legitimacy and political influence. Since both unions, Verdi and the GPA, chose horizontal integration of self-employed workers into their already mixed structures, we cannot search for evidence or counter-evidence of this assumption. However, the empirical evidence concerning their actual behaviour indicates rather a mixed strategy due to cost efficiency reasons.

### *Decline in Union Membership*

In the context of changing labour markets and the spread of managerial practices such as outsourcing, the move to more non-standard or atypical employment has been a common trend all over Europe in recent years (Pedersini, 2002; OECD, 2000). The country differences in the scope and the distribution of atypical employment in general, and dependent self-employment in particular, might be partly explained by the social insurance and payroll tax systems as well as by labour law. While some Austrian and German employers utilize self-employment arrangements to avoid payroll taxes and social security contributions, employers in Denmark for instance, where the number of dependent self-employed workers is lower (see Table 2), might not profit from such a strategy due to a more universal social insurance system (Fink et al., 2003: 35ff.). In contrast, the UK represents a country where neither employees nor self-employed workers enjoy a high level of social security protection (Read and Deakin, 2000). Here, the liberal labour protection rules might contribute to a relatively large distribution of dependent self-employed workers (Read and Deakin, 2000).

Whatever the reasons for the disintegration of standard employment, this development as well as industrial restructuring have threatened trade unions with the loss of members and thus part of their political and economic power vis-a-vis employers (in collective bargaining) and the state (economic policy). Although some unions are well aware of the problems that follow from declining membership (e.g. financial losses) and have tried to attract new social

**TABLE 1**  
**Net Union Density; Selected EU Countries (1975–1995, in Time Periods)**

	1975–79	1980–84	1985–89	1990–95
Austria	53,20	52,70	50,50	45,20
Germany	36,50	35,40	33,80	32,10
France	21,30	17,90	13,60	10,50
Italy	48,04	46,38	40,61	38,75
Ireland	55,92	56,36	53,12	48,40
UK	49,20	48,53	42,76	35,37
Finland	68,36	69,32	69,95	75,20
Sweden	76,64	81,51	84,65	85,80

\*1971–74, Source: AIW 2000 database, created by the Institute of Government, Dep. Industrial Relations, Univ. Vienna: Traxler et al. 2001; own calculations (arithmetic mean of the union densities within specified time periods)

groups, the majority of them have failed to achieve any membership gains since the early 1980s (see Table 1).

A useful statistical measure of the degree to which unions have been (un)successful in mobilizing members is the ‘net union density’ (in terms of employed union members). The ‘union density’ is defined as the ratio of actual to potential membership. Following Ebbinghaus and Visser (2000: 17), it is argued that ‘rather than absolute membership figures (or size), union density figures allow us to compare the mobilization of different groups at different times, within and across nations, holding the changing labour force constant’.

While most of the selected EU countries show significant declines in union membership since the 1980s, trade unions in the Nordic countries (Finland, Sweden) not only prevented losses, they have even experienced substantial gains in union membership (see Table 1). However, this development can be largely explained by the existence of the union-led unemployment schemes (i.e. the Ghent system) in these countries. Since the unions manage the system, this brings them into contact with potential members, e.g. employees when they are seeking a job and receiving unemployment benefits (for details see Traxler et al., 2001: 85ff.).

Although self-evident, it must be noted that self-employed persons are neither included in the nominator nor in the denominator of the union density ratio. Until recently, this was not considered to be a major problem, since self-employed persons were not likely to

join a union due to the fact that unions were neither expected to provide any benefits to them nor were the majority of unions willing to organize the self-employed (Delsen, 1995: 94).

The most striking fact concerns Germany, where self-employment grew particularly fast relative to total non-agricultural employment over the 1990s, displayed sharp falls in the proportion of self-employed workers with employees, i.e. employers. This development parallels the situation in the 1980s, when the UK displayed both the fastest growth of self-employment and the fastest drop in the proportion of employers among the self-employed (OECD, 2000: 159). In both cases, this suggests that a certain proportion of the growth might be attributable to (the aforementioned) dependent self-employment (OECD, 2000: 159). However, estimations on the scope of dependent self-employed workers (see Table 2) are rather limited and country comparisons can only be done rather carefully due to different legal and conceptual frameworks.

While there is a potential for the recruitment of dependent self-employed members, which might partly offset the general membership losses, unions face a lot of problems, which have prevented them from recruiting a large share of the targeted group so far.

**TABLE 2**  
**Estimated Proportion of Dependent Self-employed**  
**Workers on Total Employment (Without Agricultural**  
**Employment) in Selected Countries of the EU,**  
**in Percentages**

	<b>Dependent Self- Employed*</b>
Belgium	2.60*
Denmark	0.89**
Germany	2.90****
Greece	1.00**
Italy	11.00***
Netherlands	1.35**
Austria	1.70*****
Portugal	0.86**

\*1998, Source: Holderbeke 1997; \*\*2000, Source: Peder-sini 2002; \*\*\*2002, Source: Muratote/Lombardia 2003; \*\*\*\*1999, Source: Bieback 2000; \*\*\*\*\*2002, Source: Fink et al. 2003; \*\*\*\*\*2003, Source: Hauptverband der Sozialversicherungsträger 2003, own calculations.

It is assumed that the erosion of the typical form of employment affects more or less all economic branches albeit with still a traditional concentration in the media, journalism and cultural sector (Gottschall and Schnell, 2000: 805) and a rising number in the computer industries. This has contributed to an increasing heterogeneity of employment conditions and hence to a fragmentation of interests and less solidarity among different groups of (potential) union members. In a study based on 60 extensive qualitative interviews, Pongratz and Voss (2003) found that a plurality of different types of self-employed labour power is emerging. New constellations of dependency are identified, stemming from intensified work performance in combination with reduced career opportunities. Moreover, almost all white-collar workers in Germany and Austria are covered by a collective agreement, which standardizes their employment conditions, whereas with only a few exceptions (see IG-Medien, discussed later in the article) there exists no collective agreement for the dependent self-employed workers. Thus, although the total number of dependent self-employed persons in Germany and Austria seems to have reached a noteworthy size (Austria 1.7 percent and Germany 2.9 percent of total employment), the heterogeneity of potential members' interests is supposed to create the major barrier to their organization and collective interest representation.

### **Labour Law and Other Regulations in Austria and Germany**

Labour law and social security regulations shape the characteristics of (potential) trade union members in that they determine what types of atypical employees legally exist. These characteristics in turn influence the aforementioned logic of membership that – in interaction with the logic of influence – has an impact on the organizational properties of trade unions. Hence, they provide one starting point for the analysis of unions' activities and political strategies as well as their (re)structuring processes. The following section, therefore, gives the reader a brief insight into the changes in the regulatory framework for dependent self-employed workers in Austria and Germany. Furthermore, against the background of current political developments in both countries, the consequences of these changes for the trade unions, namely a decrease in their political power, are discussed.

*Germany*

The increase in the number of dependent self-employed persons outlined earlier has led to growing concerns among governments and trade unions about their legal status and social security coverage. In order to limit the trend towards a transformation of dependent standard employment into dependent self-employment, the German red-green coalition government introduced a general assessment procedure to distinguish between employees and (dependent) self-employed workers in 1999. Hence, the German parliament passed the Act on the Advancement of Self-Employment (*Gesetz zur Förderung der Selbständigkeit*), which was primarily targeted at eliminating the status of dependent self-employed workers or at least to clearly differentiate between dependent self-employed and 'true' self-employed workers. Therefore, a set of five criteria was established to assess the employment relationship, with a person classified as an employee if any three of the five criteria were fulfilled: the person (1) does not employ other workers at wages above €325 per month; (2) depends strongly upon one employer; (3) is employed with tasks for which his/her employer or a comparable employer usually employs dependent workers; (4) does not act as an entrepreneur; and (5) prior to their job he/she carried out the same work as an employee.

However, the persistent economic crisis, which had further aggravated unemployment to reach almost 11 percent in 2002 (Statistisches Bundesamt Deutschland, 2003), forced the coalition government to back-pedal on the issue only three years after the aforementioned law had come into effect. The German government recently introduced policies that aim at encouraging unemployed people to enter self-employment. In order to curb unemployment, two new laws aiming at a far-reaching reform of the German labour market were prepared by the so-called Hartz Commission and introduced by the two coalition parties in January 2003. In short, the new legislation is designed by the federal government to provide better conditions for stimulating employment and to create a new balance between necessary flexibility and indispensable solidarity. Apart from other measures, the reform is intended to make the way to self-employment easier by financially supporting the establishment of one-person companies – the so-called *Ich-AGs* (*Me, Inc.*) – with relatively low levels of resources (German Federal Government, 2003). As a consequence, the aforementioned

criteria that provided a means of differentiating between true and dependent self-employment have become toothless, which might result in a further rise of dependent self-employment. Although the Confederation of German Trade Unions (DGB) demanded that these criteria be upheld also with regard to the Ich-AGs (DGB, 2002), this was widely ignored by government. The borderline between self-employed workers and their economically dependent counterpart has not only become blurred again, but has almost vanished, because Ich-AGs, by definition, are supposed to be self-employed.

Moreover, with effect on 4 July 2003, the so-called ‘Vermutungsregel’ (rule of assumption) has been abolished with the consequence that social insurance agencies are no longer entitled to assume a dependent employment relationship implying compulsory coverage if three of the aforementioned criteria were fulfilled (Steuernetz). Although the latter regulation was not very often utilized by social insurance agencies (interview), all these amendments together weaken the position of workers and trade unions. The reason is that one of their major activities, helping self-employed people to legitimize their employment status, has become pointless. As long as unions thus concentrate on the provision of this selective good only, fewer dependent self-employed workers might expect to individually benefit from a union membership and hence refrain from joining.

### *Austria*

In Austria, another way has been chosen to illuminate the ‘grey’ area between dependent self-employed and true self-employed persons, i.e. establishing a new legal form of employment, the so-called free-service contract. The 1997 Labour Law and General Social Insurance Amendment Act, which aimed at extending social insurance coverage to all dependent self-employed people, was the first Austrian law that included a definition of this new type of employment contract (Pedersini, 2002). While people employed under a free-service contract are insured under the terms of the General Social Insurance Act, dependent self-employed holders of a contract for work (Werkvertrag) (also referred to as *Neue Selbständige*) are still dealt with like all other self-employed persons and are therefore

insured under the terms of the Social Insurance Act on Self-Employed Persons (Pernicka, 2002).

The holder of a free-service contract does enjoy a major advantage over his/her dependent self-employed counterpart deployed under a contract for work: while a person working under a contract for work does bear the entrepreneurial risk e.g. in the case of a bad order situation or when he/she gets ill or wishes to take holidays, free-service contract holders are usually employed for a certain limited time-period and cannot be held responsible for economic outcomes. In contrast to employees, they are not personally answerable to the employer's authority, i.e. they are not in a position of legal subordination (Traxler et al., 2000: 112ff.). However, free-service contracts and contracts for work have in common that their holders are entitled neither to get unemployment benefits nor to invoke the protective provisions of labour law, although their working conditions in many cases resemble those of employees. In contrast to employees, the majority of free-service contract holders and all work-contract holders are not covered by a collective agreement. So far, the only exemption is the collective agreement for print media self-employed journalists.

In Austria, there also exists a similar list of criteria to differentiate between true and false dependent employment, which is particularly based on rulings by the Austrian labour courts and the supreme court of justice, targeted at preventing employers from circumventing a dependent employment contract to save costs. Although some employers have nevertheless found alternatives to circumvent these criteria as well, namely persuading their employees to apply for a trade licence, which automatically gives them true self-employed status, there are enough cases left that can be successfully appealed before the labour courts.

On the political front, the Austrian labour unions demand, for instance, to extend unemployment insurance coverage to dependent self-employed workers or, more generally, to broaden the legal definition of an employee that would make it very difficult to escape from the purview of labour law and collective agreements. However, since the populist Freedom Party (FPÖ) and the conservative People's Party (ÖVP) formed a new coalition government in February 2000, which was renewed in 2002, political tensions between the government and organized labour have steadily increased. This has weakened the power of trade unions and, hence, of the social partners in general, to a large extent (Adam and Pernicka, 2003).

Notably, in both countries, self-employed workers are not represented by the works council, whose domain is restricted to employees only. In Austria, an exemption applies only to free-service contract holders in the case where they are demonstrably personally dependent on their employer. However, this exemption is a relatively new annex to the labour law and hence, there exist virtually no examples for free-contract holders who have been elected to a works councils so far. Although there might be some works councils who are informally engaged in representing the group of (personally independent) self-employed workers as well, the aforementioned formal exclusion makes it very difficult for unions to contact and mobilize dependent self-employed members. This is because works councils have a key role in recruiting union members in both countries.

### **Two Unions Open Their Doors to Self-Employed Workers: Verdi and the GPA**

So far, the article has largely equated a trade union's potential for survival and prosperity with union strength, measured by union membership and density as well as by the degree of union influence on state economic policy and collective bargaining. These are important reasons why Verdi and the GPA opened their doors to dependent self-employed workers: in the context of a general decline in membership, effective collective bargaining becomes much more difficult. In addition to transnational 'regime shopping' to secure the lowest production costs, employers have begun to engage in 'regime shopping' within national borders to reduce their labour costs that way as well. They do so by replacing standard employment with, for instance, cheaper, dependent self-employment.

However, Verdi and the GPA face a number of problems in integrating self-employed workers, such as the dilemma of creating solidarity between the white-collar union members and their marginalized dependent self-employed colleagues; and the need to combine policies that are attractive to all (potential) membership groups, whose interests are of a very heterogeneous nature and need to be reconciled. However, these issues are precisely the contexts where unions in Germany and Austria have been relatively unsuccessful so far because of their traditional focus on workers with standard employment relationships.

In the last few years, Verdi and the GPA have largely gone back on their former refusal to include atypical workers into their representational domain. This can be seen in their endeavours to integrate dependent self-employed workers into their new organizational structures, to expand membership and to take up the political interests of this group as well.

### *GPA*

In Austria, the GPA adopted a new structure of its organization in June 2000, when a large-scale reform was launched. The reform was largely prepared and mainly accomplished as a top-down process that also took into consideration some feedback from lower levels. It aimed both at establishing a modern and flexible structure enabling the union to react faster to new developments on the labour market and at organizing new social groups, such as dependent self-employed workers (interview). However, the GPA was not the first Austrian union representing the self-employed.

At least according to the constitution of the Austrian Trade Union Federation (ÖGB), dependent self-employed persons could be given membership status comparatively early. In 1991, the ÖGB changed its constitution and explicitly included self-employed persons. Eight years later, the first framework agreement for this category of labour would be signed. The Union for Arts, Media, Sports and Freelancers (KMSfB) and the respective employers' association (the Voluntary Association of Austrian Newspapers) concluded a joint regulation (in contrast to a collective agreement) for print media self-employed journalists in 1999 (for details see Blaschke, 2002: 530).

The GPA is the largest member union of the ÖGB, with about 287,000 members (of which 43 percent are women). Its domain covers nearly all private sector white-collar employees and represents also students and pensioners. The most important structural changes included the replacement of the GPA's six sections (for trade and industry, commerce, money and credit, insurance, social insurance and agriculture) and more than 200 subunits by 24 broader economic branches; and the establishment of interest groupings and issue platforms. The interest groupings are designed to organize and flexibly react to the needs of special groups of trade union members: dependent self-employed and temporary

agency workers, specialists and executive staff, social services workers, IT workers, and so on, whose interests crosscut branches and geographical divisions. The issue platforms aim to provide ordinary union members with the possibility to actively participate in discussions on certain issues (GPA, 2000). Although issue platforms were scarcely utilized until now, it is an important novelty, because before the reform only works councils and trade union officials were involved in the internal communication processes of the GPA. Both new structural elements are meant to extend the membership domain in favour of new groups of workers as well as to integrate new perspectives and interests into the more 'traditional' spheres of the GPA (interview).

Concerning dependent self-employed workers, in 2001, the GPA set up a special interest grouping for this group (i.e. work@flex). In May 2002, the federal committee (Bundesausschuss) of work@flex was elected by those GPA members, who subscribed for membership in the group. In 2003, there were 502 registered union members, or 0.17 percent of all GPA members, in the interest grouping (GPA, 2003).

Since the GPA intends to merge with four other trade unions, i.e. the blue-collar Metalworking and Textiles Union, the Union of Chemical Workers, the Union of Agricultural, Food, Beverage and Tobacco Workers, and the Print, Journalism and Paper Union, of which the last also represents the journalists, there might evolve similar effects of synergy as in Verdi, as discussed in the following section.

### *Verdi*

In Germany, the formation of Europe's largest service sector union, Verdi, in March 2001, led to an extension of (potential) membership to all dependent self-employed workers across all branches covered by this union's domain. Five unions, namely the German White-Collar Workers' Union (DAG), the Postal Workers' Union (DPG), the Commerce, Banking and Insurance Union (HBV), the Public Services, Transport and Traffic Union (ÖTV) and the Media Union (IG-Medien) merged to form the Unified Service Sector Union, Verdi.

However, only one out of the five predecessors of Verdi, the Media Union, had already opened its domain to dependent self-

employed workers before the merger. Although officially prohibited, there had been a project for self-employed members initiated jointly by the DPG, the ÖTV and the Media Union aiming at the organization of dependent self-employed workers in the logistics and transport sector (including newspaper delivery and postal workers) a few years before the establishment of Verdi. Since these workers were officially not classified as self-employed members by the DPG and the ÖTV, but as *de facto* employees, up to the present there exist great problems in detecting and organizing all self-employed persons within the newly formed Verdi (interview).

As regards dependent self-employed workers, the constitution of Verdi is mainly based on that of the former Media Union. Verdi's new structure takes account of over 1000 different professions as well as certain groups of members, such as self-employed members, unemployed, etc., who have common interests unspecific to branches and geographical divisions. At present, Verdi organizes almost 2,800,000 members, of whom 49.5 percent are women. In comparison to total membership of the five former unions, which accounted for almost 3,200,000 in 1999, there has been a substantial decline of almost 400,000 members within three years. However, within only one year, more than 6000 dependent self-employed workers were attracted to join Verdi to reach a total of almost 28,000 self-employed members or 1 percent of the total number of members (22,000 were already organized by the former Media Union) (Verdi, 2003). However, as can be seen, this growth of self-employed members mainly stems from membership gains in the domain of the former Media Union (interview).

### **Union Activities**

Verdi and its former unions as well as the GPA have focused their activities for dependent self-employed members primarily on the provision of selective goods, such as legal advice and representation before labour courts, further education programmes and a variety of insurance products. A prominent example in Germany is the so called Mediafon-project, which was founded in 2000 by Verdi and aims to attract employees and economically dependent workers in the media industries, arts and letters (Mediafon, 2003).

There are, however, some successful attempts to represent the interests of dependent self-employed workers on the political front

as well as vis-a-vis employers' associations. The most prominent German example occurred in the media industry more than a decade ago. The former Media Union did extensive lobbying for new regulations in favour of the dependent self-employed in this industry. By establishing a new employment status called 'arbeitnehmerähnlicher Selbständiger' (self-employed worker similar to an employee), the union not only succeeded in guaranteeing a minimum level of protection but facilitated the foundation of the Artist Social Funds and also negotiated standards for compensation (Behrens, 2002). In Austria, it was also the media industry where unions achieved their first success in representing self-employed workers. In 1999, a 'joint regulation' was concluded for self-employed journalists working for daily and weekly newspapers (see earlier). However, the agreement was not negotiated by the GPA but by the Union for Arts, Media, Sports and Freelancers, which means that the GPA can only indirectly utilize this experience in collective bargaining for its own self-employed members.

While both unions, Verdi and the GPA, are facing difficulties in representing the interests of dependent self-employed members vis-a-vis current governments and national parliaments due to the political and economic situation in their countries, as referred to earlier, their engagement in collective bargaining, in other than the cultural and media branches, seems to be even more challenging. Although there are promising current attempts by Verdi to conclude a collective agreement for the branch of further education (interview), employers and some employees in other branches do not pay attention to the problems of dependent self-employed persons.

Concerning the participation of members to create solidarity, it can be stated that unions in general, and the GPA and Verdi in particular, are not homogeneous entities, but comprise coalitions with quite different and sometimes conflicting interests (Keller, 2001: 58ff.). There are at least four groups of stakeholders within unions, which differ in interests: trade union staff, i.e. full-time employees of the GPA/Verdi, elected voluntary officials, who emerge from the rank-and-file to take a position in one of the committees for a certain period of office, work councillors and the ordinary rank-and-file. An interesting issue in this context refers to the composition of voluntary officials in the GPA. While a full-time staff member is not, either in the GPA or in Verdi, allowed to hold a mandate, elected representatives are drawn, with only a few exceptions at the regional level in Austria, from the group of

work councils. In contrast to this tradition, the voluntary officials of the interest grouping for self-employed members of the GPA cannot be elected as a works council due to existing labour law restrictions (see earlier) and hence, are ordinary members. Their interests and needs vis-a-vis the union are relatively novel and there exists no tradition of how to effectively integrate them. Moreover, there exists some scepticism concerning self-employed members among trade union staff and officials who represent the interests of members with standard employment relationships in traditional branches. Some of them believe that self-employed members might threaten the position of their major clientele as well as their own position within the GPA (interview, observation). When work councillors become elected officials, the union staff has usually obtained some experience of their demands and interests, which might guarantee them a certain control over them as elected officials. Contrariwise, the works councils could have already gained some knowledge about the internal structures and decision-making processes as well as about the interests of the GPA staff. However, the absence of those experiences in the case of dependent self-employed officials might create, at least in the beginning, more conflict between staff and elected officials in their power struggle within the union, for example concerning the allocation of scarce budgetary resources (interview).

In both unions, Verdi and the GPA, the elected voluntary officials do have voting rights within the different committees at the regional and federal level. However, in Germany, a full-time staff member in charge of the dependent self-employed members pointed out that she intentionally decided to refrain from delegating officials of this group to the committees, with the exemption of the major federal committee, which is held four times a year. As long as the self-employed still have to consolidate as a group inside and outside the union, attendance at such meetings is considered too time-consuming (interview). Compared to Verdi, the self-employed officials of the GPA are more involved in representation on specific committees at the federal as well as at the regional level. However, at present, the number of voluntary officials in the GPA is quite small and only a few regional committees have been constituted yet, so that their delegation at least to the regional committees has been widely postponed. However, in the GPA as well as in Verdi, the number of representatives in the respective committees is too small to exercise effective decision-making power so far (interview).

## **Conclusions**

When distinguishing between the three problems of organizing dependent self-employed workers, i.e. recruitment, interest reconciliation and effective interest representation, one finds significant commonalities as well as differences between GPA and Verdi, as far as the way in which they try to cope with these problems is concerned.

First and foremost, a trade union is confronted with the task of recruiting new while sustaining existing members in order to gain the financial and power resources necessary to obtain a strong position vis-a-vis employers and the state. This position in turn enables them to enhance the working conditions of their constituencies (recruitment problem). There is empirical evidence that the provision of dedicated services, such as legal advice or representation before labour courts, does attract self-employed workers to join a union. Interestingly enough, the GPA and Verdi were found to offer also a mutual insurance against illness, which early trade unions saw as one of their primary functions (besides collective bargaining and legal enactment) before present welfare states provided a more or less universal social protection (Webb and Webb, 1897).

Second, trade unions need to reconcile the (often heterogeneous) interests of their (potential) members in order to successfully aggregate subjective needs and desires to a collective identity. We referred to this problem of interest aggregation in the terminology of Schmitter and Streeck (1999) as the logic of membership, which is influenced by the kind and structure of membership interests. My own research as well as studies conducted by other authors revealed that the heterogeneity of interests of self-employed workers in relation to their own group and also to their white-collar colleagues is significant. Verdi and the GPA have responded to this problem by restructuring their organizations and amending their constitutions to meet this challenge. However, Verdi was formed out of a merger of five trade unions and could largely utilize the rich experiences of one of its predecessors, the Media Union, concerning the representation of and services to its self-employed members. For the GPA, the organization and representation of self-employed persons was a completely new field of activity. This is reflected in both the quantity of self-employed union members this union could recruit and in the fields where its self-employed members work. In Verdi, the proportion of self-employed members in the total

membership of almost 3,200,000 is 1 percent, and the majority of these union members stem from the domain of the former Media Union, i.e. arts, culture and the media. In the GPA, self-employed members account for only 0.17 percent of its 287,000 members and their diverse occupational backgrounds range from bicycle delivery to further education and scientific research. While the interest heterogeneity within the group of self-employed already poses a difficult problem of reconciliation, the heterogeneity between self-employed and dependent employed members seems to be even greater. There is still a large number of union staff and officials who regard the representation of self-employed members as a threat to their clientele employed under a standard contract. As regards the creation of solidarity between different member groups, the two unions were found to apply quite different strategies: in contrast to Verdi, the elected self-employed officials in the GPA have their delegates sent to all relevant federal and regional committees in order to achieve internal attention and solidarity. Contrariwise, the trade union staff member in charge of the self-employed members at Verdi pointed out that their prime strategy is to achieve the consolidation of the self-employed members as a group inside and outside the union before they send self-employed delegates to all Verdi committees.

Third, trade unions have to set up specific forms of interest organization in order to realize an effective collective interest representation vis-a-vis employers and the state, i.e. logic of influence. Concerning the self-employed workers, the unions' power of influence remains weak as long as the union density of this group of atypical workers is low. This makes lobbying as well as collective action quite difficult. As far as employers are concerned, they need to be confronted with a critical mass of organized labour in order to engage in collective bargaining. Thus, there is little incentive for employers to enter negotiations as long as the number of dependent self-employed members remains small.

There are some interesting conclusions, that can be drawn from these findings. Whether the organization of dependent self-employed members as a means of tackling the problem of declining union density rates is a success or failure depends on various circumstances. On the one hand, unions might have difficulties in attracting dependent self-employees to join and stay when offering only selective goods and failing to provide public goods such as collective agreements. On the other hand, the mere concentration on the

provision of selective services over a longer period means a heavy financial burden to trade unions, which cannot be compensated by membership fees of the small number of dependent self-employed. Although problematic, this paradox seems to be nothing new on the agenda of trade unions. Moreover, the union's costs must not be calculated in a utilitarian manner but have to be accepted as necessary sacrifices in order to achieve a non-utilitarian collective identity (Offe and Wiesenthal, 1980: 79) and, hence, to strengthen the position of unions vis-a-vis employers and the state in the long run. It remains to be seen if this sort of non-utilitarian collective identity can be realized among an increasing heterogeneous workforce.

## Notes

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1. Schmitter and Streeck (1999: 19ff.), who investigated the organization of business interests, suggested a fourth type of activity, whereby business associations through licensing or policing acquire the ability to provide authoritative goods. This gives them 'control over members'. As trade unions are not involved in such activity, this type can be ignored for the purposes of this article.

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