



# What determines transnational strategies of trade unions?

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A neo-institutional approach to European wage policy

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## European Industrial Relations Literature

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- ❑ Focus is on the **effects of economic internationalisation** and **political Europeanisation** on wage policies and outcomes (levels of wages, bargaining structures)
- ❑ Traxler et al. (2001): National labour relations in internationalized markets. Oxford UP.
- ❑ Marginson / Sisson (2006): European integration and industrial relations. Multi-level governance in the making. Palgrave.
- ❑ Keller / Platzer (2003): Industrial Relations and European integration: Trans- and supranational developments and prospects. Ashgate.
- ❑ **Trade unions and their strategies are conceived as tightly bound to structures** indicating a 'symbiotic relationship' between actors and established structures (Traxler 2003: 104).



## Empirical accounts and theoretical concepts on trade union strategies

- ❑ Erne (2009) European unions. Labour's quest for a transnational democracy.
- ❑ Hyman (2007) How can trade unions act strategically?
- ❑ Frege and Kelly (2003) Trade unions' revitalization strategies in country comparison.

All accounts share the assumption that there is room for maneuver of trade unions. Social learning, repertoires of contention, cognitive framing (i.e. social movement concepts) etc. are used to explain strategic choices of unions.

### Shortcomings of existing literature:

- No reference to transnational strategies (Frege / Kelly)
- No consistent model of determinants of transnational trade union strategies (Hyman; Erne)



## Research aim:

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- ❑ No model exists that systematically explains **why, when and how** trade unions pursue **transnational strategies** to respond to international economic and institutional challenges.
- ❑ We draw on neo-institutional accounts and more recent concepts of 'institutional work' and suggest an **explanatory model of transnational strategies of unions** within the **organisational field of European wage policy**.



## Road map:

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- ❑ Why growing Europeanisation and internationalisation of market competition in the 1980s did NOT lead to a marked increase in transnational union activities
- ❑ Neo-institutional accounts: **also** regulative, normative and cognitive-cultural **institutions shape transnational union strategies in European field of wage policy**
- ❑ What is an organisational field?
- ❑ Definition, determinants and types of institutional strategies
- ❑ Focus organization = trade unions
- ❑ Example: Transnational wage bargaining coordination in the metal sector
- ❑ How employers might be entailed to join European wage policy coordination

## 1980s: increased international competition and capital mobility

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... did hardly entail trade unions to act transnationally

Rather, trade unions' strategies largely remained within the realm of the nation states.

Why? – There were hardly any European institutions that facilitated transnational action.





## Determinants of institutional strategies of unions at European level

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**H 1:** Changes in the *institutional and economic environments*, rather than economic pressures (such as rising international competition) at European level, increase the likelihood that trade unions contribute to the creation of European institutions > i.e. to *pursue institutional strategies*

For instance: to create European institutions of transnational bargaining coordination (bargaining coordination rules)



## Neo-institutional accounts – institutions and organisational field

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- ❑ Actors (organisations) are embedded within institutional contexts (organisational fields) that prescribe and enforce appropriate behaviour
- ❑ **Organisational field** = ,organisations that, in the aggregate, constitute a recognised area of **institutional life**‘ (DiMaggio/Powell 1983)  
e.g. economic sectors, policy issues, occupations
- ❑ Institutions are **regulative** AND **normative** AND **cognitive-cultural** (Scott 2008)
- ❑ **Regulative dimension**: legal regulations, policy structures (e.g. labour law, EWC-dir.)
- ❑ **Normative dimension**: social obligation / professoral expectation (e.g. norms in SEB or MEB-systems)
- ❑ **Cognitive-cultural dimension**: common language, taken-for-granted conceptions and cultural beliefs (=institutional logics)



## Ctd': Neo-institutional accounts – institutions and organisational field

- ❑ In the European field of wage policy – two institutional/cognitive logics are central:  
**Logic of competition vs logic of cooperation**
- ❑ The European Commission (**DG employment**) used to support the logic of cooperation (European Social Partners, attempts to create MEB in newly accessed member countries, etc.)
- ❑ After completion of EMU, Eastern enlargement and the crisis the **European Commission** has reinforced compliance with the logic of competition (DG efin: scoreboard, evaluation of indexing clauses, etc.)
- ❑ **National trade unions** are found to follow both logics contingent on their national cognitive-cultural orientation and practices (SEB vs MEB)
- ❑ **MNCs** follow the logic of competition.



## Ctd': Neo-institutional accounts – institutions and organisational field

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- ❑ An organizational field includes any actor (organisation) that might impose coercive, normative or cognitive influence on a given focal organisation or field (Scott 2008)
- ❑ Institutional strategies = Strategies aiming at the creation (maintenance or disruption) of regulative/normative/cognitive institutions at transnational / European level
- ❑ Why, when and how do trade unions pursue transnational strategies in response to international economic and institutional challenges?



## Determinants of institutional strategies of unions at European level

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H 1: Changes in the *institutional and economic environments*, rather than economic pressures (such as rising international competition) at European level, increase the likelihood that trade unions contribute to the creation of European institutions.

**H 2:** The larger trade unions' *power* the greater the likelihood of unions to engage in the creation of European institutions. There are three sources of power:

**H2a: *Institutional power*** – derives from regulative, normative and cultural-cognitive elements and practices at national and/or European level that support trade union action. e.g. norms of MEB-systems at national level enable unions to pursue institutional strategies of transnational bargaining coordination

**H2b: *Structural power*** refers to structural and socio-economic conditions, such as levels of unemployment. e.g. High levels of employment and labour shortages enhance structural power and unions' ability to counteract MNCs strategies of regime-shopping

**H2c: *Organising power*** is composed of membership strength and cooperations with other (transnational) social movements. e.g. transnational solidarity in a sector increases likelihood of institutional strategies at European level.

Global level

Socioeconomic and institutional changes at global level

European level

Field-external changes

Market changes (Europeanisation of production, new technologies, etc.)

Institutional changes (EMU, Economic Governance, etc.)

## Org. field of European wage policy

Strategies of MNCs and business associations in wage related issues

Strategies of supranational policy actors

Existing institutional context of European industrial relations

*Socio-economic power*

Strategies of European trade unions

*Institutional power*

**Strategies of national trade unions**

Strategies of national business and associations

Framing processes

Trade union structures, practices and identities

National institutions of industrial relations

*Membership and organising power*

National membership and (trans)national solidarity



## Example: Organisational field of European wage policy in metal sector (1970s & 1980s)

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### ❑ Socio-economic and institutional changes at global level (1970s and 1980s):

Disruption of international monetary system (Bretton Woods), oil shocks, increasing international competition > did hardly entail national trade unions to pursue transnational strategies

with the exceptions of:

**DACH-initiative:** trade union network in manufacturing and metal industry, unions from Austrian, German and Switzerland; founded in late 1960s; provided a framework for information exchange on bargaining policies

**Nordiska Metall:** trade union network in manufacturing; unions from Denmark, Sweden, Norway, Finland, Iceland; founded in 1970; aimed at the coordination of bargaining, etc.

Explanations? Institutional strategies / initiatives drew on:

cognitive-cultural institutions – common language / linguistic roots, shared belief systems and institutional logics (MEB, coordination logic), socio-cultural closeness; long history of interaction, etc.<sup>13</sup>



## Ctd'.: Organisational field of European wage policy in metal sector (1990- present)

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### ❑ Economic conditions in metalworking

- High level of product market integration and capital mobility at international level
- Closely integrated international production chains

### ❑ Institutions at national and European level (1990s - present):

- **European level** (field external institutions): EMU, Single Market, Economic Governance
- **European level** (institutions): European IR institutions (ESDs, EWCs)

### - National / transnational level:

- metal sector as pattern setter in MEB-systems and beyond (**institutional power**)
- high trade union and employer densities (**organisational power**)
- partly shortage of skilled labour (**national / transnational structural power**)

> Bottom-up and top-down (unilateral) institution building at transnational European level (e.g. EMF's bargaining coordination rules 1993/1998: inflation and productivity oriented)



## Ctd'.: Organisational field of European wage policy in metal sector

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Explanation:

A combination of

**economic AND institutional challenges AND institutional/structural/organising power** increases likelihood of **institutional strategies** of (unilateral) transnational bargaining coordination at European level

Further hypothesis (to test):

Employers are still reluctant to enter transnational wage bargaining, BUT

**specific conditions [labour shortage in specific occupations, union membership, EWCs] AND institutional union strategies / pressures** – such as the establishment of norms for cross-border collective bargaining coordination – might prompt employers in the field of European wage policy, in particular **MNCs**, to enter into **wage bargaining at international level.**



Ongoing research project



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German Research Foundation – DFG Research Group  
Horizontal Europeanization (7 projects)

Title of our project: Industrial Relations in Europe: How might trade unions contribute to horizontal Europeanisation? [duration 2012-2015]

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Thank you for your attention!