



Pathways in Decentralised Collective Bargaining in Europe

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4. Decentralisation of Collective Bargaining in the Retail Sector

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Abstract

This chapter shows that traditional industrial relations classifications, based on national institutional features, have become sector-specific. Company case studies indicate that in retailing, which is characterised by generally poor working conditions, market structures and company characteristics tend to condition unions' capacity to engage in collective bargaining. Only in Sweden, where the institutional framework continues to provide a significant degree of procedural security through coordinating mechanisms, have unions been able to retain control over the decentralisation process and to play an important role at the company level. Nevertheless, in large, often internationalised companies, unions that are proactive and willing to mobilise their organisational resources, as demonstrated by Irish and German cases, are still able to make a positive difference for workers.

Keywords: retailing, trade union strategies, institutions, markets, collective bargaining decentralisation

Introduction

Following the increasing decentralisation of collective bargaining across all EU countries, recent research suggests that greater attention should be paid

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to the role of sectoral/structural conditions in order to understand the kind of industrial relations (IR) that may affect a company (Bechter et al., 2011; Keune and Pedaci, 2020). Hence, this chapter explores the responses of trade unions to the decentralisation of collective bargaining in the retail sector across varying countries characterised by different institutions (Visser, 2009). The focus on the retail sector is interesting for two reasons. Firstly, volatile market conditions have made retailing a particularly hostile context for trade unions to represent workers and engage in collective bargaining. Secondly, in contrast to manufacturing, there is little empirical evidence to date on the strategies of trade unions in retailing following the decentralisation of collective bargaining. Our distinctive comparative focus, in which sectors are compared within their national contexts and companies within their sectoral contexts, expands our understanding of the institutional and non-institutional factors that shape the strategies, processes, and outcomes of collective bargaining. In line with Thelen's (2014) work, we find that all countries have been affected by decentralisation in the process of bargaining, reducing differences amongst them and, consequently, there is a need for revising existing theoretical lenses that classify countries according to a static notion of industrial relations institutions. Moreover, in a retail context, where industrial relations institutions are deteriorating, market structures are found to play the most significant role in explaining unions' positions and their capacity to participate in the regulation of working conditions at the sector level. Finally, a key finding is that the weakness of both institutional and structural conditions can sometimes revitalise unions at the company level and encourage them to embrace new opportunities and resources to organise workers.

A multi-level comparison of decentralised bargaining across six countries

Streeck and Thelen (2005) have contributed to the field of comparative institutional analysis by formulating the notion of geographical specificity and suggesting that there is a link between the mechanisms that shape institutions and the specific structures of the society within which they emerge (Streeck, 1992; Crouch, 2005; Streeck & Thelen, 2005). Furthermore, these scholars have applied the idea of embeddedness to the study of capitalist diversity, arguing that the different impact that similar developments have in different countries can be explained through an analysis of the alternative institutional arrangements found in the various nation states (Locke

& Thelen, 1995; Crouch & Streeck, 1997; Streeck & Thelen, 2005). Finally, these authors have underscored the role of power relations and conflict and, at the same time, attempted to reconcile the structuring capacity of institutions with a space for individual agency and “conflictual encounters” (Djelic, 2010:25). It is in their particular interpretation of institutions that this chapter finds its theoretical underpinning, as it helps to observe six countries – Sweden, Germany, Spain, Italy, Ireland, and Poland – in relation to the institutional frameworks in which they are embedded. Consistent with Streeck and Thelen’s approach, we contextualise the cross-national comparison at the sector and firm levels. We explore how an important trend, such as collective bargaining decentralisation, is mediated by sector-specific and companies’ institutional arrangements, and subsequently translated into actors’ strategies in a way that accounts for both similarity and diversity of outcomes across cases (Thelen, 2010).

Crucially, when exploring differences and similarities, we assume that, not only do institutional rules matter but so do the identities, interests, and resources of actors involved in them (Crouch, 2005; Streeck & Thelen, 2005; Thelen, 2010). Actors may be socialised by institutions or deliberately conform to them. In addition, they may also stray from or re-interpret institutions in a way that alter their foundations (Locke & Thelen, 1996; Crouch 2005; Campbell, 2009). This theoretical perspective allows a focus on *institutionalisation as a dynamic and actor-centred social process* (Hirsch, 1997; Jackson, 2009:67) as well as acknowledging that actors and institutions may change over time in a recursive and dialectical fashion (Streeck, 2009; Thelen, 2010). We go beyond an ideal-typical interpretation of case studies, which treats boundaries as impenetrable and systems as closed. Instead, we proceed at two levels simultaneously: the level of systems – macro-social level – and within the systems themselves. Specifically, our cross-national comparison involves countries with different institutional systems. Moreover, while the focus is on a single sector of economic activity, the retail sector, we explore collective bargaining developments at the company level. Thus, our research design reflects the multi-level nature of this study in which sectors are compared within their national contexts and companies within their sectoral contexts.

Classification of countries and the sector-focus approach

Visser (2009) systematises the existent countries’ classifications around three emerging themes: employment regimes (Gallie, 2007; Esping-Andersen, 1990; Amable, 2000); industrial relations regimes (Crouch, 2005; Schmidt, 2006;

Molina & Rhodes, 2007); and production regimes (Hall & Soskice, 2001). Consistent with previous attempts, his classification captures the interaction between public policies, collective bargaining, and social dialogue in relation to different state traditions, institutions, and practices. In addition, Visser's clusters, namely, North, Centre-West, South, West, and Centre-East (see Table 4.1.), offer a more nuanced comparative lens whereby diversity can be approached from different perspectives. For example, these clusters help formulate series of expectations not only on the relationship between international trends – such as collective bargaining decentralisation – and institutions of industrial relations, but also of economic and social coordination. They are based on the assumption that dealing with policymakers does not necessarily mean that research needs to be concerned only with formal rules or the restraint of economic actors (Crouch 2005:44). Indeed, Visser's clusters acknowledge that institutions can also be interpreted as open boundaries, and not only as constraining factors. The main advantage of this analytical approach is that it takes into account different forms of institutionalisation (Bechter et al., 2012; Prosser, 2015) and that it reflects important factors of labour market governance (Esping-Andersen, 1990). These are all expected to interplay with actors' strategies and contextual issues, producing cross-national similarities (and/or within countries differences), which this chapter aims to explain. A summary of Visser's classification is provided further in Table 4.1.

In order to explore collective bargaining decentralisation across countries, we apply a sector-focus approach and assume that employers and employees belonging to the same industry experience similar technology challenges and market environments, and therefore also similar postures on collective bargaining decentralisation (Marginson & Sisson, 2006). The selected countries are Sweden, Germany, Italy, Spain, Ireland, and Poland, each embodying one of the Visser's country clusters (2009), namely, North, Centre-West, South, West, Centre-East, respectively, while the selected sector is retailing, which is often described as a hostile context for trade unions to engage in negotiations (Mrozowicki et al., 2013). This is a low wage and low-skill sector, which, due to its tenuous workers' structural resources, has been characterised by a strong deterioration of working conditions and employment relations (Geppert et al., 2014).

A comparative analysis across these countries, and sector, makes a series of theoretical contributions. First, it sheds light on the role of national- and sector-level actors and institutions in shaping varying models of decentralised bargaining. Second, it elucidates whether the existence of a national framework that steers local bargaining is a pre-condition for collective

Table 4.1. Visser’s classification of countries in Europe

	North	Centre-west	South	West	Centre-east
Production regime	Coordinated market economy		Statist market economy	Liberal market economy	Statist or liberal?
Welfare regime	Universalistic	Segmented (status-oriented, corporatist)		Residual	Segmented or residual?
Employment regime	Inclusive	Dualistic		Liberal	
Industrial relations regime	Organised corporatism	Social partnership	Polarised/ state-centred	Liberal pluralism	Fragmented/ state-centred
Power balance	Labour-oriented	Balanced	Alternating	Employer oriented	
Principal level of bargaining	Sector		Variable/ unstable	Company	
Bargaining style	Integrating		Conflict-oriented		Acquiescent
Role of social partners in public policy	Institutionalised		Irregular/ politicised	Rare/ event-driven	Irregular/ politicised
Role of the state in industrial relations	Limited (mediator)	“Shadow of hierarchy”	Frequent intervention	Non-intervention	Organiser of transition
Employee representation	Union based/high coverage	Dual system/high coverage	Variable (*)	Union based/small coverage	
Countries	Denmark Finland Norway Sweden	Belgium Germany (Ireland) Luxembourg Netherlands Austria Slovenia (Finland)	Greece Spain France Italy (Hungary) Portugal	Ireland Malta Cyprus UK	Bulgaria Czech Republic Estonia Latvia Lithuania Hungary Poland Romania Slovakia

Source: J. Visser, extended on the basis of Ebbinghaus & Visser (1997), Crouch (1993, 1996), Esping-Andersen (1990), Schmidt (2002, 2006) and Platzer & Kohl (2007).

(*) In France, employee representation in firms incorporates both principles, in Spain and Portugal it is dualist, in Italy and Greece it is merged with the unions but based on statutory rights.

bargaining to take place at the company level. Third, it reveals whether and how company-level actors engage with the competences they have been assigned by higher institutional levels, and helps in assessing the

outcomes of their interactions. Finally, in contexts where multi-employer bargaining is not in place, it sheds light on the actors' capability to develop their own strategies in response to their embedded interpersonal network. It also provides information on the meaning that these particular issues possess for their identities.

Varieties of collective bargaining decentralisation

In her work on varieties of liberalisation, Thelen (2014) argues that political-economic institutions – collective bargaining included – have followed three trajectories of change: (1) deregulatory liberalisation; (2) dualising liberalisation; and (3) embedded flexibilisation.

It is through these theoretical lenses that we observe current developments in collective bargaining decentralisation across Ireland, Poland, Germany, Italy/Spain, and Sweden. We argue that, despite belonging to different country clusters, these countries have all undergone one of the following liberalisation processes. By reshaping their IR landscape, such change processes have either reduced or widened the institutional variation across them.

Deregulatory liberalisation: This approach to bargaining decentralisation involves the active dismantling by the state (or employers' associations) of the coordinating capacities of bargaining institutions and actors, as well as the reduction of bargaining coverage. Deregulation is characterised by change through “displacement” because mechanisms aimed at regulating collective bargaining are “set aside in favour of arrangements that re-impose the discipline of the market” (Thelen, 2014:13). Such positions towards collective institutions and regulations can be found in countries including Ireland and Poland. In both contexts, employers do not possess stable coordinating capacities and have thus been successful in weakening unions as well.

Dualising liberalisation: This approach to bargaining decentralisation involves continued institutional coordination but in a context of the number of firms and workers covered by collective bargaining narrowing. Dualisation does not involve a clear attempt at dismantling bargaining arrangements. In fact, while such arrangements display a varying degree of resiliency – depending on the country and the sector (Paolucci & Marginson, 2020) – the system allows for unregulated and unorganised sub-systems that are characterised by inferior status and protections for workers outside the national or sectoral coordinating framework. Dualisation can be the result of increasing cooperation between unions and employers' associations in

certain sectors, such as the chemical and pharmaceuticals sectors in Italy (Paolucci & Galetto, 2019), or between organised workers and management in large firms, such as in Germany (Thelen & Kume, 2006). Dualisation is characterised by change through “drift,” whereby collective bargaining institutions remain in place, but they “fail to take hold outside the industrial core” (Thelen, 2014: 14). This is the case in countries such as Germany, Italy, and Spain where membership of unions and employers’ associations is, indeed, concentrated in traditional industries (i.e., manufacturing, see Chapter 3; Haipeter et al., 2023) and collective bargaining coverage does not reach sectors such as retail.

Embedded flexibilisation: This approach to bargaining decentralisation involves the flexibilisation of collective regulations but “within the context of a continued strong and inclusive framework that collectivises risks” (Thelen, 2014:14). More specifically, collective bargaining institutions are aimed at making workers more flexible and mobile, while simultaneously protecting them from external risks. This form of decentralisation is offered through the “functional conversion” of collective bargaining to new goals and to the reconfiguration of relationships between all the actors involved. Embedded flexibilisation promotes equality, but not deliberately to it is not premised on protect workers from market forces. Rather, it makes sure that they adapt their skills and capacities to changing market conditions.

Accounting for the role of both institutions and actors in facilitating and constraining the decentralisation of collective bargaining

The features of collective bargaining systems are important in facilitating (and constraining) company-level negotiations (Marginson & Galetto, 2016; Pulignano & Keune, 2015). So long as they are encompassing in their workforce coverage, the possibility of individual employers exiting in favour of unilateral management regulation is minimised (Traxler 2003). The resulting procedural security is of particular salience for trade unions and their propensity to accept an expansion of competences in local-level negotiations. Decentralisation within such arrangements offers the promise of combining the advantages of common standards on major substantive issues, such as pay scales and the duration of working time, with scope for local variation in implementation and detail (Marginson & Sisson 2006).

There are, however, some key cross-national differences between collective bargaining arrangements that may affect actors’ capacity to facilitate the conclusion of company-level collective agreements. We assume that the most

relevant difference is the depth of bargaining, originally defined by Clegg (1976:8–9) as the “involvement of local union officers and shop-stewards in the administration of [sector-level] agreements.” Indeed, as collective bargaining systems underwent a process of decentralisation, whereby the competences of company-level actors have significantly expanded, unions have gained a greater role in administering and applying the terms and conditions set forth by higher level agreements and, within their own remit, negotiate further provisions. In this context, collective bargaining systems have been redefined as deep when the main social actors, and the outcomes of their interaction, are coherent “from the central level and right down to the company level” (Madsen et al., 2001:12). More specifically, depth of bargaining has begun to indicate the way in which the bargaining process, which is controlled by the articulating mechanisms provided at the sector-level, first reaches local actors and then unfolds at the workplace (Muller et al., 2019:25). Thus, while in Clegg’s work (1976) the emphasis was on depth at the sector-level – with centralised bargaining being the rule rather than the exception – in this chapter, we look at depth from a company’s perspective. Here, there are two dimensions that can capture this important institutional feature: one is the capacity of trade unions to access employees within firms; and another is their participation in the negotiation of company-level agreements. The assumption is that, in companies where employees are not consistently represented by trade unions, it is unlikely that shop stewards will guarantee the negotiation of any meaningful collective agreements. The reason is that high depth of bargaining gives confidence to unions to both provide (at the sector level) and accept (at the company level) further delegation of bargaining competences, and avoids representation problems so that employers can expect shop stewards to take the lead in negotiating agreements (Paolucci & Marginson, 2020).

The power resource theory suggests that there are two further factors that may account for the capacity of social partners to engage with their competences at the company level. In particular, these are, firstly, the commitment of organised (and individual) employers to maintain and respect a shared framework for wage bargaining and, secondly, the strength and organisational capacity of the trade unions (Thelen, 2014). The contribution of this chapter is therefore to explore the interplay between institutional features and the strategies of the actors involved with them in order to explain the impact that different paths to decentralisation may have had on the role, scope, and outcomes of collective bargaining within the retail sector. In the next section, we review the institutional and legal framework

for collective bargaining in the selected countries, namely, Poland, Ireland, Italy, Germany, Spain, and Sweden.

The changing contours of collective bargaining

With the exception of Italy and Spain, both belonging to the South cluster (Visser 2009), all the selected countries feature a different legal and institutional framework for collective bargaining. We suggest that, as a result of collective bargaining decentralisation, differences across them have become less pronounced and, consequently, new IR classifications of country clusters are required.

The case of Ireland and Poland

Ireland and Poland have ratified ILO Convention 98, so the mentioned states are obliged to support collective bargaining. Article 4 of ILO Convention 98 establishes that: “Measures appropriate to national conditions shall be taken, where necessary, to encourage and promote the full development and utilisation of machinery for voluntary negotiation between employers or employers’ organisations and workers’ organisations, with a view to the regulation of terms and conditions of employment by means of collective agreements”. Moreover, the states are obliged to promote collective bargaining because of the European Social Charter, which is also binding for both. However, in practice, their national legal framework does not facilitate the promotion of the right to negotiate collective agreements.

On the one hand, the institutional framework for collective bargaining in Ireland is underpinned by the principle of voluntarism. Ireland’s 1937 Constitution provides that workers have a right to form and join trade unions, but the law courts have stated that this does not imply that an employer is required to bargain with them. A 1995 case in the Ireland’s High Court offered a clear statement of this legal principle, which had been established in earlier cases: “I do not consider that there is any obligation imposed by ordinary law or the Constitution on any employer to consult with or negotiate with any organisation representing his employees or some of them, when the conditions of employment are to be settled or reviewed” (Justice O’Hanlon in *Association of General Practitioners and Others v Minister for Health*, 1995).

Regarding the Irish case, under the 1990 law, trade unions might face legal action by employers if they organised industrial action without following

a strict set of rules regarding ballots, ratification, and notice. Since unions engaged in recognition disputes were often unable to demonstrate that they had followed these rules, and since they faced growing resistance to gaining recognition, calls for a “right to bargain” re-emerged as an industrial relations and political issue. Laws were enacted to secure such a right. The so-called right to bargain procedure was of limited impact and was effectively nullified by the Supreme Court’s judgement in 2007 in the Ryanair case (D’Art & Turner, 2006; Roche, 2007a). The result of this case law is that employers cannot be forced by law to bargain with trade unions if they do not wish to do so, an interpretation that means that employees have no fundamental right to bargain. Employers and trade unions voluntarily engage in collective bargaining, and their agreed terms and conditions of employment are not legally binding. Workers have the right to form and join a trade union. However, unions cannot force employers to enter collective bargaining, meaning that there is no legal right to collective bargaining in Ireland. Following the collapse of the national social partnership in 2009, collective bargaining, where it exists, occurs solely at the company level.

In the case of Poland, it is not possible to identify any action of the national legislator aiming to promote collective bargaining, apart from establishing the Labour Law Codification Committee in 2016 with a view to consensually drafting a new, two-piece labour act (collective and individual), which, however, proved to be an unsuccessful initiative. There are even examples of actions taken by the state that could be seen as obstructive to collective bargaining. For example, an amendment to the Act on Higher Education, which explicitly excluded the state minister responsible for educational affairs as a potential party to a multi-enterprise collective agreement covering university employees, triggered a protest by the sectoral trade unions (specifically, the National Education Section of NSZZ “Solidarność”). In its reply, the ministry claimed that furnishing the Minister of Science and Higher Education with the right to conclude collective labour agreements could be considered a restriction of the right to negotiate. Moreover, if a minister acted as a party in a multi-enterprise collective labour agreement it would be contrary to the principle of the limited role of the state in collective labour relations (Czarzasty & Surdykowska, 2020). In Poland, collective bargaining is regulated by the Chapter 11 of the Labour Code of 1974. Yet, there is no explicit definition of collective agreement in the Labour Code. For that reason, the definition of that right is based on the jurisprudence. Following the ruling by the Constitutional Court of 20 January 1988, collective agreements should not be seen as normative acts adopted by state bodies, but rather as special sources of labour law. Regarding collective agreements,

the law follows two major principles. One is “freedom of contract,” with the exception of provisions jeopardising the rights of third parties. The other is “favourability,” by virtue of which collective agreements cannot introduce provisions less favourable for employees than those envisaged by law (Czarzasty, 2019).

Despite the existing differences between these two countries (the trade union power in Ireland is centralised and in Poland is decentralised), weak positions of trade unions and hostility of employers towards collective bargaining are noticeable in both countries. In particular, in the Irish case, under the 2015 Industrial Relations Act, if an individual employer does not want to recognise a union for collective bargaining purposes, the union must demonstrate that it is substantially representative of the workers in the company to activate a bargaining process. This involves the intervention of the Labour Court and the possibility that pay will be fixed by law when groups of workers are shown to be out of line with comparable groups performing similar work. In practice, it has been difficult to meet the representativeness requirement required to activate the intervention of the Labour Court. As a result, most employers do not recognise trade unions for collective bargaining purposes.

Under these circumstances, following the collapse of the social partnership, the Irish Congress of Trade Unions and the main employers’ confederation, the Irish Business and Employers’ Confederation (IBEC), agreed a “protocol” in 2010, to guide collective bargaining in private and commercial state-owned firms that prioritised job retention, competitiveness, and orderly dispute resolution. The ICTU–IBEC protocol framed the orderly decentralisation of collective bargaining to the firm level across most of the private sector and state-owned commercial firms (Roche & Gormley, 2017, 2018). Sectoral collective bargaining continued to prevail in low-paid, low-union-density industries, in construction and allied sectors, and in public services. Yet, negotiations mainly take place at the company level.

In Poland, the roots of decentralisation within the union movement can be traced back to the pre-1989 era of authoritarian state socialism. Workplace-centred union movement emerged in the period of the 1st Solidarity (1980–81). Even after Solidarity was banned, the new “official” trade unions would be shaped as a loosely coupled confederation. *Ogólnopolskie Porozumienie Związków Zawodowych* (OPZZ) was built in a bottom-up manner, albeit one administered from above by the government. Company-level organisations were organised and sectoral unions (autonomous organisations and federations) were set up, and, finally, a national-level association was called into existence (Gardawski, Mrozowicki, & Czarzasty, 2012).

The case of Germany, Italy, and Spain

In the selected group of countries (Germany, Italy, and Spain), the policy-makers promote the right to negotiate following the international duties undertaken due to the ratification of ILO Convention 98. In Spain, the right to collective bargaining and the binding character of collective agreements is enshrined in the Spanish Constitution (Article 37.1). The system of collective bargaining is thoroughly regulated in Title III of the Workers' Statute (ws). In particular, Article 82.3 establishes the legally binding character of collective agreements negotiated in conformity with the rules of the Workers' Statute.

In the same sense, in Germany the provisions of the collective agreement have the character of mandatory legal norms.³ In the case of collective bargaining, the basic legislation is the Collective Bargaining Act (*Tarifvertragsgesetz*), which was passed in 1949 at the time of the founding of the Federal Republic, the constitution of which (the Basic Law) also provides for freedom of association. According to the Collective Bargaining Act, the negotiating parties – trade unions and employers' associations or individual employers – set employment conditions that have legally binding effect without external influence by the state. Hence, in Germany, the collective bargaining system is also referred to as “collective bargaining autonomy” or “free collective bargaining” (Haipeter & Rosenbohm, 2022).

The legal systems examined are characterised by complexity, due to the alternative channels for workplace representation; moreover, disparities in the distribution of functions are quite different among the various systems. In Spain, both trade unions and works councils have the capacity to negotiate collective agreements at enterprise level. At sectoral level, the right to negotiate is attributed only to trade unions. However, in Germany, trade unions relieve works councils of the burden of having to negotiate on contentious issues, such as pay increases or the length of working hours, for which they are ill-equipped, given that they lack the right to strike.

The promotion of the collective bargaining decentralisation is observed in times of crisis, and the setting of some restrictions to sector-level collective bargaining during economic recovery processes have been noticed. For example, in Italy, there were attempts to boost second-level collective bargaining through governmental economic incentives (especially after the onset of the 2009 economic crisis). In line with the overall concept of responsive regulation, since the onset of the 2009 economic crisis, cross-industry collective agreements opened-up to a process of organised

3 The analysis on Germany is based on Haipeter & Rosenbohm (2022).

decentralisation: opening clauses entitle decentralised bargaining to deviate from standards set by the national agreements, provided that the derogatory agreement is approved by sectoral trade unions (Armaroli & Tomassetti, 2022). Usually drawn up at sectoral level or based on statutory provisions, opening clauses provide the space for company-level bargaining to derogate from standards set under sectoral agreements, in order to adapt them to the circumstances of individual companies, while preserving multi-employer bargaining (Keune, 2011).

In Spain, the strong impact of the 2009 economic crisis, the problems affecting the labour market (in particular the high unemployment level, with youth unemployment at maximum rates), and the lack of effective mechanisms for wage bargaining and internal flexibility, operated as grounds to transform the system of collective bargaining and impose a trend towards decentralisation. The 2012 reform attempted to decentralise collective bargaining and to grant more power to employers in the bargaining process. The goal of decentralising collective bargaining is clear in the 2012 labour reform. However, its practical results are mixed and the number of employees covered by firm-level agreements has not visibly risen (see Chapter 5; Muñoz Ruiz, Ramos Martín, & Vincent, 2023). The decline in collective bargaining coverage due to companies leaving or staying away from employers' associations is the main driving force behind wild or uncontrolled decentralisation (Bispinck, 2004) in the German retail sector. As a result, some sectors, the most organised being on the employers' side (i.e., manufacturing) remain covered by collective bargaining, while others have been left outside of its remit (Haipeter & Rosenbohm, 2022). A similar development can be seen in Spain. Relevant to this chapter, the weakness of the business associations at state level is pointed out as a main concern in the retail sector. Consequently, there are sector-level collective agreements that regulate the working conditions of only 50 employees. One of the main problems is that the structure of the retail sector is focused on the provincial level. In fact, collective agreements at provincial level have been negotiated without clear guidelines.

The case of Sweden⁴

The Swedish labour law and industrial relations system is based on self-regulation through autonomous collective bargaining, social partnership, and the strong legal rights and industrial relations practices of employee

4 The analysis on Sweden is based on Rönmar & Iossa (2022).

representation and information, consultation, and co-determination (Rön­nmar & Iossa, 2022).

Collective bargaining is regulated by the Co-determination Act (MBL) (Government Bill prop. 1975/76:105, Bil. 1). The Codetermination Act (Medbestämmandelagen, MBL, 1976:580) regulates employee consultation and participation in working life. The MBL is the main law for the system of collective regulations. It is a framework law that must be implemented through collective agreements. A collective agreement is statutorily defined as “an agreement in writing between an organisation of employers or an employer and an organisation of employees about conditions of employment or otherwise about the relationship between employers and employees” (Section 23 MBL). Within its area of application, a collective agreement is legally binding, not only for the contracting parties to the agreement, but also for their members (Section 26 MBL). In addition, an employer bound by a collective agreement is obliged to apply this agreement to all employees, irrespective of trade union membership.

Employee participation is carried out within a single-channel trade union system, where trade unions both negotiate and conclude collective agreements, and take part in information, consultation, and co-determination at workplace level. Sweden has a tradition of high trade union density rates, but the share of Swedish workers who are members of a trade union has dropped in the last decade from 80% to 70%. This rate seems high in comparative terms, but Sweden is also one of the countries where unionisation is declining most rapidly (Eurofound, 2015). Trade union density was 65.2% in 2019 (OECD, 2022). Nevertheless, a strong position of trade unions in the retail sector has been noticed (60% union density). Also, the trade union organisation rate in the retail sector is around 60% on average (the trade union organisation rate is 52% for blue-collar employees, and 67% for white collar employees) (Medlingsinstitutet, 2022).

Several practical factors impact on the promotion, negotiation, and conclusion of local collective agreements in Sweden. The representatives of employers and trade unions at cross-sectoral, sectoral, and local level highlight the importance of good and cooperative relations between local employers and trade union representatives. The mentioned guide has positive effects on the decentralisation of collective bargaining. Thanks to those guidelines, decentralisation has occurred within a steady and coordinated system for collective bargaining. A series of articulation mechanisms are in place to provide clear competences to different bargaining levels: sectoral, company, and workplace levels (see further Rön­nmar & Iossa, 2022).

Characteristics of the retail sector

Comparative research suggests that employment relations are sector-specific (Bechter et al., 2012). Thus, in order to understand the responses of unions to the decentralisation of collective bargaining, this chapter solely focuses on the retail sector. Several studies points to retailing as an interesting context in which to explore developments in collective bargaining as it is characterised by a series of market conditions that have made it possible for employers to sidestep employment relations institutions – and explore so-called exit options (Doellgast et al., 2018). Unlike manufacturing, retailing is a low-wage and low-skilled industry where unsociable working hours and part-time are the norm, employment contracts are notoriously precarious, and the share of female employment is significant (Geppert et al, 2014; Mrozowicki et al., 2013). Moreover, the sector is dominated by small businesses, on the one hand, and a few large, often international companies, on the other. Here cost-cutting strategies prevail and the level of employee turnover is high (Carré et al., 2010). Against this backdrop of workers' vulnerability, our expectation is that unions struggle to resist collective bargaining decentralisation and, at the same time, to negotiate company-level agreements. Table 4.2. summarises the most relevant labour market indicators across all the countries investigated.

Table 4.2. Labour market indicators in the retail sector

	All employed	Part-time	Temporary workers	Young workers	Female	Wage Female	Wage Man
Germany	5,195.7	1,489.4	504.1	224.4	2,685.4	14.24	18.3
Ireland	295.4	66.4	29.3	32.2	141.8	15.75	18.73
Spain	2,951.6	348.7	450.2	88.2	1,469.9	8.77	10.64
Italy	3,087.4	532.0	343.3	109.7	1,340.4		
Poland	2,209.6	94.2	372.7	31.9	1,253.9	4.67	6.23
Sweden	519.6	89.5	68.1	51.6	218.4		

Source: Eurostat (<https://ec.europa.eu/eurostat/web/labour-market/overview>)

Carré et al., (2010:5) defines the retail sector as a “laboratory for changes in labour market institutions.” The generally precarious conditions of workers, coupled with the increasing need of employers for flexible work arrangements to meet changing customers' demands, have exerted greater pressure on bargaining arrangements in retail than in other industries, and facilitated an extreme relaxation of collective regulation. In the past, centralised and coordinated national- and sectoral-level institutions, when present, were

capable of sheltering the retail sector from market pressures. However, as a result of bargaining decentralisation, social parties in retail have now been left to their own devices. In fact, except for Sweden, where the industrial relations landscape has remained relatively stable over time (Rönmar & Iossa, 2022), the picture we have in all the other countries, in which sector level institutions are still the main locus of negotiation (Germany, Italy, and Spain), is far more complex. In Italy, retailing features a strong fragmentation both in workers' and employers' representation, which has resulted in the proliferation of industry-wide agreements. Over 75 such agreements were mapped by *Consiglio nazionale dell'economia e del lavoro* (CNEL) only in 2020 (Armaroli & Tomassetti, 2022). However, the majority of workers is still covered by collective agreements signed by the most representative trade unions. While the scope of company-level bargaining has progressively increased to encompass items such as working time, work organisation, job classification, temporary contracts, work-life balance, equal opportunities, training, health and safety, and welfare benefits, the capacity of management and shop stewards to engage with these competences remains limited. Given the huge presence of small companies with less than 50 employees (99% of all the enterprises in retail), unions have struggled to enter the workplace. Union density is, in fact, one of the lowest compared to other industries and it stands at around 17% (Carrieri & Feltrin, 2016 in Armaroli & Tomassetti, 2022). It follows that decentralised bargaining in retailing is confined primarily to few large retailers.

The situation is similar in Spain, where most companies lack the necessary employee, or union representation to initiate the formal process of decentralised bargaining. In addition, here, the sector is characterised by strong fragmentation of bargaining units both at provincial and national level and, unlike in Italy, the sectoral business association is weak. All these conditions have made it particularly difficult for Spanish unions to sign industry-wide collective agreements. Currently, there is one sector-level agreement in force in retail, covering about 50 employees. Most bargaining activity takes place at provincial level and in large retailers (Muñoz Ruiz & Ramos Martín, 2022).

In Germany, less than half of all retail workers are covered by a collective agreement and between 80% and 90% of workplaces are outside the scope of collective bargaining (Haipeter & Rosenbohm, 2022). This significant reduction in workers' protections in retail, resulting from an extreme deterioration of bargaining institutions, was due to large retailers withdrawing from collective bargaining in recent years. In particular, the discontinuation of extension provisions in the sector and the possibility for employers to

join the business association, while opting out of collective bargaining, have produced a sharp decline in bargaining coverage and triggered a process of wild and uncontrolled decentralisation (Bispinck, 2004 in Haipeter & Rosenbohm, 2022). The weakness of unions at the workplace level has further impinged on the stability of the system and limited bargaining activity.

In Ireland and Poland, the retail sector does not have multi-employer bargaining arrangements in place and negotiations only occur at the company and workplace level.

Hence, the first questions that this chapter answers is whether and, if so, how trade unions have responded to the decentralisation of collective bargaining in the retail sector.

Table 4.3. Institutional context for collective bargaining in retail

	Collective Bargaining system	Dominant bargaining level	Collective bargaining coverage	Establishment covered by company level bargaining	Union density
Germany	Multi-employer	Sector	25%	4%	Not Available
Ireland	Single-employer	Company	Not Available	Not available	Not Available
Spain	Multi-employer	Provincial			
Italy	Multi-employer	Sector	80%	Not Available	17% *
Poland	Single-employer	Company			
Sweden	Multi-employer	Sector	85% **		60%

* Trade Sector, data not available for retail only (Carrieri & Feltrin, 2016).

** Aggregate figure for private sector (Rönmmar & Iossa, 2022).

Source: Haipeter & Rosenbohm, 2022; Armaroli & Tomassetti, 2022; Paolucci et al., 2022; Muñoz Ruiz & Ramos Martín, 2022; Rönmmar & Iossa, 2022; Czarzasty, 2022.

The companies selected for this study are all large retailers where trade unions are present and where there is some degree of collective bargaining activity. While these may not necessarily be representative of the retail sector, which is heavily dominated by small- and medium-sized enterprises lacking employee representation, they are still interesting contexts in which to explore union responses to the decentralisation of collective bargaining, for two reasons. Firstly, we have limited empirical evidence to date on the strategies that unions have devised, in these contexts, to take advantage of the opportunities offered by bargaining decentralisation and to negotiate company-level agreements. Secondly, the evidence we have is not conclusive.

Some scholars highlight that, in large retailers, unions can only play a marginal role (Armaroli & Tomassetti 2022). Thin margins for profits, the high incidence of labour costs, and constant changes in customers'

demands push employers to squeeze labour costs, which, in turn, reduce the opportunity for unions to make gains through collective negotiations (Nespoli, 2021). For example, in Italy, dynamics of outsourcing in the retail value chain have exacerbated social dumping and led to fraudulent practices, such as undeclared work and the application of so-called *pirate contracts*⁵ (Armaroli & Tomassetti, 2022). Under these conditions, the most representative unions find it difficult to sign meaningful collective agreements. By contrast, other comparative studies indicate that unions in large retailers across Ireland, Spain, and Poland benefit from some benevolent conditions (i.e., market share, size of establishments, number of employees, integrated human resource practices), which facilitate cooperation with management and strengthen their capacity to enter into negotiation with them (Geppert et al., 2013). In order to clarify this inconsistency, this chapter explores the role and strategies of trade unions in large retail companies across Sweden, Italy, Germany, Spain, Ireland, and Poland. Hence, the second question that this chapter addresses is whether and, if so, how trade unions have responded to the decentralisation of collective bargaining at the company level.

Union strategies in coordinating collective bargaining across countries and companies

In this section, we will first seek to answer to the question how trade unions have responded to the decentralisation of collective bargaining in retail at the sector level. Secondly, we will ponder the issue of how unions have responded to the decentralisation of collective bargaining at the company level. Finally, we discuss the institutional and non-institutional factors affecting union strategies towards bargaining decentralisation. In other words, we investigate how unions' strategies are linked to the institutional and structural context in which they operate.

In line with Visser's proposal, the countries in our sample represent the union strategies of all clusters towards bargaining decentralisation. In other words: how are unions' strategies distinguished in, in particular, North (Sweden), South (Italy and Spain), West (Ireland), Centre-West (Germany), and Centre-East (Poland). As a consequence, there is a spectrum of all types of collective bargaining in terms of principal level covered. In North and Centre West, sectoral level prevails, contrasting with West and Centre-East, where company level dominates. In the South, the leading pattern is

5 Collective agreements that are not signed by the most representative trade unions.

branded as “variable” (Visser, 2009). There are also different trends towards decentralisation in each of them – as theorised by Thelen. In particular, we argue that, in our country sample, we are witnessing dualising liberalisation (Italy and Germany, to some degree also Spain), embedded flexibilisation (Sweden), and deregulatory liberalisation (Ireland and Poland).

As for the first question, it is important to stress that there is no such challenge in the countries belonging to the clusters where collective bargaining is at the company level (Ireland and Poland). Decentralisation is a state, not a process, hence the deregulatory liberalisation label. More specifically, in Poland, unions could not respond to decentralisation at the sector level due to the fact that the structure of collective bargaining has been decentralised for many years. Furthermore, the main challenge confronting the unions is not the type of bargaining in terms of levels, but the collapse of bargaining in general. In the retail sector, there is no multi-employer agreement and no tripartite body responsible for the sector. By contrast, in Ireland, despite the lack of a sectoral-level framework, the collective bargaining system, while being confined to company level, has remained relatively viable. The collapse of the social partnership system in the aftermath of 2008 crisis left a mark on the entire system of industrial relations in the country, but the Irish Congress of Trade Unions and the Irish Business and Employers’ Confederation reached a bipartite agreement on a “protocol” to guide collective bargaining in private and commercial state-owned firms that prioritised job retention, competitiveness, and orderly dispute resolution (Paolucci et al., 2022). In other words, despite sharing a pluralist IR tradition and a similar institutional setting (based on single employer bargaining), social actors in Ireland and Poland have made different strategic choices. In particular, in Ireland as opposed to Poland, some employers have showed a greater willingness to continue engaging in collective bargaining.

In the remaining countries that we focus on in this chapter, decentralisation of collective bargaining at the sector level is, indeed, a problem for trade unions, albeit its weight varies, depending on the national context. Italy, Germany, and Spain all fit into the type of process that is called dualising liberalisation. In fact, tenuous market characteristics have made it possible for individual employers to sidestep the national collective bargaining system, which, despite formally remaining in place, is no longer able to secure a high level of inclusion.

In Italy, there is a serious challenge in the form of a spontaneous/disorganised decentralisation advancing through so-called *pirate contracts*. This phenomenon can be described as: “smaller unions (without real

representation) and compliant business associations sign alternative sectoral collective agreements in order to cut labour standards and costs” (Armaroli & Tomassetti, 2022:9). While such agreements can be considered nothing more than legal window-dressing, they apparently obstruct collective bargaining. Retail is one of the sectors especially prone to contamination from such regulations as, due to low added value and profit margins, employers seeking to reduce labour costs are tempted to resort to such practices. Legitimate trade unions recognise *pirate contracts* to be a serious problem that “has reached such dimensions in many sectors that appears to be more threatening for the functioning of the whole industrial relations system in Italy and the subsequent maintenance of sustainable labour standards, than the possibility for decentralised bargaining to derogate from certain national terms and conditions of employment” (Leonardi, 2017). Nevertheless, they are struggling to address it effectively. Moreover, while the sectoral framework has remained largely unaltered and continues to establish clear mechanisms of delegation of bargaining competences across levels, a reduced depth of bargaining in Italy and a limited presence of shop stewards at company level have made it quite difficult for retail companies to be covered by collective agreements. Due to the hostility of employers, unions are able to engage with decentralised bargaining and secure the enforcement of sectoral agreements only in companies where they can effectively represent workers. It follows that there are substantial within-country differences with respect to the capacity of unions to protect workers. Dualisation is evident in the fact that the bargaining system remains well-articulated in the most strongly organised sectors (both on the side of unions and employers), such as manufacturing; whereas in others, where representation is more fragmented, such as in retail, the opportunities for actors to negotiate company-level agreements are limited.

The German retail sector has been a scene of “wild,” that is to say, disorganised, decentralisation. The decline in collective bargaining coverage due to companies leaving or staying away from employers’ associations is the main driving force of wild or uncontrolled decentralisation (Bispinck, 2004, in Haipeter & Rosenbohm, 2022: 27). This has had important implications from an institutional perspective. While some workers are still covered by the sectoral framework (which has remained relatively stable over time), others, such as those in retail, cannot avail themselves of the same level of protection. Thus, similarly to Italy – albeit for different reasons – the IR system in Germany is increasingly dualised. However, derogations are not a significant factor for decentralisation in the retail sector. Unions recognise the need for modernisation of collective bargaining, as they

notice it is outdated in many respects (for example, pay structure), yet they are aware of the risks any future changes might bring with regard to their main constituency (specific job groups). There is a gap between the strategic approaches of unions in service sector (Ver.di) and metalworking (IG Metall). While in the metal sector unions are quite open to derogations, those in the service sector are more reserved. “Overall, ver.di has been quite reluctant to accept derogations or deviations from the standards stipulated in regional industry-level agreements” (Haipeter & Rosenbohm, 2022).

In Spain, the sector (mainly provincial-level) agreements continue to predominate, reinforced by a recent legislative change (2021). In the retail sector, a strong fragmentation of the bargaining units at state as well as provincial level is observed. This fragmentation is explained by the difficulties of negotiating a sectoral collective agreement at state level. The weakness of the business association at state level is the main concern in the retail sector (Muñoz Ruiz & Ramos Martín, 2022). As the root of the problem is on the employers' side, the unions are in a difficult position to produce a consistent strategy on how to address it.

In Sweden, there is no trend towards increased “disorganised” or disruptive decentralisation, so the phenomenon is not seen as a threat (Rönmar & Iossa, 2022). The system has adapted to the need for increasing flexibility by providing clear articulation mechanisms coordinating the relationship between bargaining levels. Company-level agreements – like in the case of a retail chain being subject to the national case study – cannot deviate from upper-level agreements (favourability principle), thus the two levels of bargaining are regarded as complementary. Moreover, union density remains relatively high in the sector, meaning that unions can retain control of the bargaining process at the local level. No major tensions are reported regarding the link between upper and lower bargaining levels. Within this context, trade unions are not overwhelmingly concerned about decentralisation.

As for the second question, that is, the trade unions' dealings with decentralisation at company level, the issue is more complex, especially due to the nature of the companies selected (large retailers), where unions, despite a variation across cases, tend to retain a relevant role. In Poland, the lack of any formal regulation (no collective agreement), as exemplified by the company Megastore (a subsidiary to a Dutch-domiciled multinational chain), seems to be the main challenge. The company's adversarial stance towards trade unions suggests that the chances of striking any formal bipartite agreement are slim. This is to some degree compensated by micro-bargaining on issues such as pay rises or occupational welfare. The

union (there is only one in the company) has no bargaining power strong enough to push their agenda more effectively. Considering the pluralist and highly fragmented shape of unionism in the country, any intervention from the upper levels of union structures, either sectoral or central, are unlikely. It is hard to discuss bargaining outcomes in an environment without a formal agreement, however, the above-mentioned micro-bargaining has produced some tangible effects, including the establishment of a company social benefits fund⁶ (Czarzasty, 2022).

In Germany, there has been at least one innovative practice of successful union organising via works councils in the retail sector. The retail network in focus, Fashion, had initially not been covered by a collective agreement and it also did not have a works council. Nevertheless, in a bottom-up move, a works council was established, with the support of *ver.di*, which was followed by an increase in union density. Finally, the company agreed to sign a “recognition agreement,” under which the company will adhere to the standards stipulated in the branch-level agreement after a transition period (Haipeter & Rosenbohm, 2022: 68).

A Spanish case provides for an interesting finding pertaining to decentralisation. Precisely speaking, in one of the cases, the decentralisation of collective bargaining in which independent trade unions were involved brought improvements to working conditions and pay in the retail networks (Lidl and Mercadona), while in the chains where so-called instrumental (presumably, “yellow”) unions were present (such as Decathlon) there have been problems with pay, resulting in the wages of Decathlon employees being lower than those hired by Lidl and Mercadona (Muñoz Ruiz & Ramos Martín, 2022: 27).

In Ireland, in the RetailCo case, the prerequisite is that, unlike other major retailers in Ireland, RetailCo recognises unions (Paolucci et al., 2022: 47). This creates a basis for negotiations, resulting in what is described as a *de facto* closed-shop agreement in place in the company, which secures 100% union representation (Paolucci et al., 2022: 47). Despite those better-than-average circumstances, the unions still had to make an enormous effort to mobilise workers in a sector that, due to its structural conditions (low pay, high labour turnover, or competition between employers) is an extremely difficult field to operate in. What they did (not only in the retail sector) was utilise their own organisational resources to empower shop stewards and revitalise their company-level structures. There is one accomplishment that seems to be of particular value for the ultimate success of collective bargaining

6 Major, company-level type of occupational welfare scheme in Poland.

in the company. In the institutional context, where a central coordination mechanism is virtually absent, unions have developed mechanisms of vertical coordination through the establishment of formal workplace representation structures, elected by the members and linked to the sector level via highly trained full-time sectoral union officials (that is, shop stewards) (Paolucci et al., 2022).

In Italy, the main challenge in the company under scrutiny appears to be a lack of harmonisation in the different terms and conditions of employment of all workers hired from three different cooperatives to work for Coop Alleanza 3.0, following its establishment in 2016. This is the result of there being no comprehensive collective agreement signed (Armaroli & Tomassetti 2022: 42). In other words, the three collective agreements concluded in the companies that would eventually form the Coop Alleanza 3.0 prior to the merger are still referred to in the day-to-day practise of labour relations, and unions have been making efforts to keep those agreements alive, also by means of collaboration. At the same time, no new collective agreement embracing all employees in the newly founded company has been signed. This appears to be a Catch-22 situation and the trade unions are yet to devise a strategy on how to deal with it.

In Sweden, with no observed tensions between various levels of bargaining, the strategy of trade unions at company level is not defensive. The case of the chain covered shows that such agreements are regarded as complementary to the upper-level agreements. This is evident in the capacity of the social partners to negotiate a cross-sectoral agreement in 2020–2021, covering issues such as security, employee transition and life long-learning, and employment protection, all of which have significant implications in the workplace. This type of agreement, especially in the private sector, was perceived as a successful initiative by autonomous industrial relations actors, who are still able to operate within a well-functioning, multi-employer bargaining system. Nevertheless, it is notable that the employers' association and some trade unions in the public sector were excluded from the negotiation of this agreement. This perception is likely to be exacerbated by the signing of a cross-sectoral, social-partner agreement on security, transition, and employment protection for 2020 and 2021 (Rönnmär & Iossa, 2022).

Another example worthy of attention is the case of Lidl and Mercadona in Spain (with a negative frame of reference provided by Decathlon), where the dedication of trade unions to negotiating the collective agreement resulted in better pay conditions in the former companies than at Decathlon, where the unions reportedly did not commit themselves overly to the process. In Germany, a deliberate choice by IG Metall to “jump on

the decentralisation wagon” created an institutional basis for the effective overseeing and enforcement of collective agreement by the works council (in close collaboration with the unions), following the employer’s pledge to observe the branch-level agreement. Even in Poland, in the context of adversarial industrial relations and the absence of collective agreement (with little chance to conclude one in the foreseeable future), informal micro-bargaining has produced some tangible benefits to employees. Thus, the lesson learnt is that the resilience of trade unions pays off, even though it may not be enough to stop or reverse decentralisation, wherever trade unions see it as undesirable phenomenon.

Conclusion

This chapter explored the responses of trade unions to the decentralisation of collective bargaining in the retail sector across countries characterised by different industrial relations systems. Its multi-level focus makes a series of contributions to extant research. In the empirical part of the chapter, we concentrated on large retail companies where trade unions are present, and at least some degree of collective bargaining activity is observed. While that could be considered a limitation of the study – given the retail sector in general is dominated by small- and medium-sized enterprises – it still widens our knowledge on the strategies that unions formulated after the decentralisation of collective bargaining in several countries.

Firstly, we find that, in the face of recent decentralisation pressures, traditional classifications, which are based on national industrial relations arrangements (Visser, 2009), are no longer able to fully capture similarities and differences across countries. On the contrary, our findings suggest that these classifications have become sector- (rather than country-) specific. We showed that two different countries, such as Ireland and Poland, prominent examples of the West and the Centre-East clusters, respectively, have both experienced a sudden collapse of multi-employer bargaining affecting all industries alike, thereby becoming an increasingly similar context where trade unions and individual employers negotiate. By the same token, Germany, on the one hand, and Italy and Spain, on the other, have been treated, from an institutional perspective, as instances of different industrial relation regimes (Visser, 2009). Nevertheless, a greater delegation of bargaining competences, from the sectoral to the company level in all three countries, has progressively reduced the degree of institutional variation between them. In particular, decentralisation has meant that while formally, bargaining

institutions have remained in place at the national level, a reduced presence of unions at the workplace level (depth of bargaining) in Italy and Spain, and the unwillingness of employers to uphold the multi-employer bargaining system in Germany, have de facto limited the enactment of these institutions to traditionally unionised sectors, such as manufacturing, and left outside many others, most notably retail. This explains why, in manufacturing, the effects of collective bargaining decentralisation mirrors differences across countries – and are broadly in line with existing industrial relations classifications (see Chapter 3; Haipeter et al., 2023), while in retailing this is not the case. In fact, the Italian and German cases show that if de jure coordinating mechanisms (i.e., delegation) may still exist in both sectors, in retailing these mechanisms have ceased to effectively exert their function. Here, (weak) social partners are unable to derive power from such institutions to negotiate company level agreements. This finding suggests that as bargaining decentralisation increases, institutional mechanisms of coordination become subject to sectoral contingencies, for instance, the presence (or not) of strong trade unions and employers' associations that are capable of, and/or willing, to use them. Hence, national institutions alone are no longer sufficient to secure even coverage of collective bargaining across sectors and companies, also in countries where these arrangements are still in place. Finally, consistent with the Nordic model, Sweden remains a case of stable industrial relations, where collective bargaining continues to play an important role in the regulation of the labour market. Here, the procedural security offered by clear articulation mechanisms and a widespread presence of unions across companies (depth of bargaining), have given to local negotiators the flexibility they require to engage (or not) with their bargaining competence.

Secondly, a close up of the retail sector demonstrates that decentralisation has taken different shapes across the selected countries. Ireland and Poland are cases of “deregulatory liberalisation” where trade unions can avail themselves of very limited institutional resources, collective bargaining takes place only at the company level and increasing hostility of employers has dramatically reduced collective bargaining coverage. Germany, Italy, and Spain have experienced “dualising liberalisation,” meaning that while multi-employer arrangements continue to remain in place in all sectors, in sectors where market conditions are unfavourable to workers, such as in retailing, employers have been able to circumvent them. It follows that there are significant within-country variations in the capacity of trade unions to protect workers as well as to secure the enforcement of sector- and company-level agreements. Depending on sectoral characteristics, trade

unions may or may not be able to control decentralisation. The Swedish case depicts a different scenario. Coordination between bargaining level is strong despite increasing decentralisation. The link between sector- and company-level social partners has created an incentive for enacting their bargaining competences and, by making institutions relevant and functional, they also legitimate their role in the labour market. Institutional change in Sweden has followed the trajectory of “embedded flexibilisation.” This is evident in the fact that decentralisation has been assimilated – rather than resisted – by existent institutional arrangements. Through this process of interaction, industrial relations actors and institutions in Sweden have remained active and representative at all levels.

Thirdly, the analysis of our company cases suggests that wherever trade unions can retain/gain any degree of control over the process of decentralisation, regardless of the country and the path the process takes (i.e., deregulatory liberalisation, dualising liberalisation, and embedded flexibilisation), the outcomes of collective bargaining are more or less positive for employees. This is not to say that institutions are not relevant. On the contrary, in a stable institutional context such as the Swedish one, unions are found to be in a stronger bargaining position and able to protect even workers in retailing, where market conditions are not favourable to them. In a shaky institutional environment (as in the case of Italy or Spain), the outcomes may vary, and their quality is not only determined by the structure of the bargaining system, but also by the interplay of other factors including attitudes of stakeholders, market pressures, technological advances, and inherent characteristics of the retail sector, such as low profit margin, translating into low pay. The wide spectrum of possible outcomes of bargaining as illustrated by our cases studies contains, success stories such as the Irish Retail.Co, where the leading union (Mandate) is reportedly satisfied with the outcomes of decentralised bargaining, and in spite of the financial difficulties the company, and the hostile institutional context it operates in, the union maintains collaborative relations with management. Equally fascinating is the German case, which demonstrates that, sometimes, it is the deterioration of institutions itself that can trigger a union's responses to liberalising pressures and provide them with an opportunity to (re)organise vulnerable workers.

In sum, our company cases show that, independent of the country, in a context such as retailing, which is characterised by generally poor working conditions, market structures and company characteristics tend to condition unions' capacity to engage in collective bargaining. Only in Sweden, where the institutional framework continues to provide a significant

degree of procedural security through coordinating mechanisms, have unions been able to retain control over the decentralisation process and to play an important role at the company level. Nevertheless, in large, often internationalised companies, such as those investigated, unions that are proactive and willing to mobilise their own organisational resources, as demonstrated by the Irish and the German cases, are still able to make a positive difference for workers.

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