

Collective bargaining has been decentralised in the UK and Germany over the past three decades. But in Germany, unions have retained much more power.

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In 2009, 62 per cent of German employees had their wages determined by collective bargaining, against only 33 per cent of British employees. [Niels-Erik Wergin-Cheek](#) explores the reasons for this difference arguing that both the political and economic environment as well as the strategies and structures of German trade unions have kept them relatively strong.



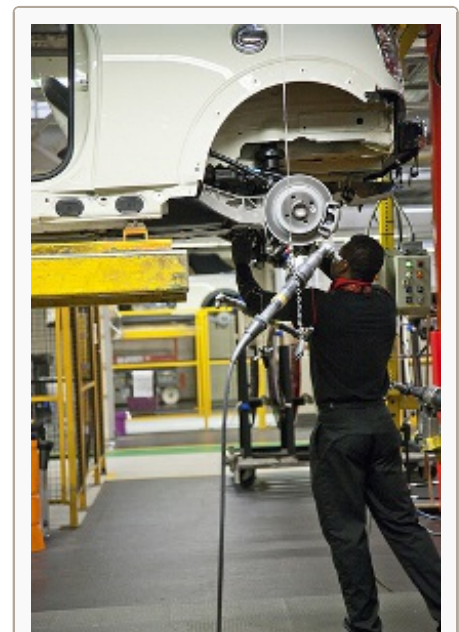
In both Great Britain and Germany, a dramatic decentralisation of collective bargaining – that is, a shift of collective bargaining from the industry-level to the level of the company or plant – has taken place in recent decades, due to increased international competition and employer demands for increasing flexibility. The degree and timing of this process of decentralisation, however, has varied significantly between the two countries: Collective bargaining in Germany had been comparatively centralised, until a process of decentralisation took off at the beginning of the 1990s.

The British collective bargaining system, on the other hand, has always been decentralised to a considerable extent. Multi-employer bargaining at industry-level, which set minimum standards, has traditionally been complemented with additional plant-level bargaining between shop stewards and management. However, a further and considerable decentralisation of collective bargaining took place after the election of Margaret Thatcher in 1979. Step by step, almost all central institutions for multi-employer collective bargaining have been smashed.

In short: British trade unions have had far more experience than German unions with a decentralised collective bargaining system. Thus, one should expect that British unions have been able to deal with the (further) decentralisation of collective bargaining better than German unions. However, exactly the opposite has happened: British unions are worse off after this process of decentralisation than German unions, judging by bargaining coverage and bargaining outcomes. In 2009, bargaining coverage in Germany was roughly twice as high as in Britain: 62% of German employees had their wages determined by collective bargaining, but only 33% of British employees. Furthermore, German unions have been more successful in pursuing a solidaristic wage policy, i.e. in maintaining low wage differentials within an industry.

The question is: Why did the decentralisation of collective bargaining affect unions in Britain and Germany to such different degrees? The explanation has to take into account both external and internal factors, that is, both unions' political and economic environments, as well as their strategies and structures.

External factors



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The main external factors are cyclical and structural changes in the economy, the political environment, and the institutional framework. The latter two factors are particularly important, as variation here is rather large between Britain and Germany, while relevant cyclical and structural changes in the economy have varied far less between Britain and Germany (though structural changes often took place later in Germany).

The variances between Britain and Germany exist may seem surprising here, in light of their similar political environments; in both countries, conservative governments were in power most of the 1980s and 90s. Yet, German neo-liberalism was never as radical as it was in the UK under Margaret Thatcher. Instead, it aimed for a [slow transformation](#) of the German model without questioning its fundamental structures. The resilience of the German model was one of its most remarkable features until the early 1990s.

The institutional framework in both countries, too, differs significantly: British capitalism belongs to the Anglo-Saxon model, while German capitalism belongs to the regulated Rhineland-model. Trade Unions are a major institution of those “models of capitalism”, and as such, have arisen in distinct contexts, and form part of a network of interlocking institutions.

While I am convinced that institutions do matter, I am equally convinced that a sole focus on institutions (and other external factors) is insufficient for the explanation of the puzzle presented here. Much current analysis in the institutionalist tradition begins from the premise of a well-settled institutional framework. Yet, the notion of a “model”, basing on this institutional framework, downplays diversity and variation *within* this model, between different sectors, and, in this case, between different unions.

Internal factors

The decentralisation of collective bargaining basically means a delegation of competencies for collective bargaining to union workplace reps. The way they utilise their newly acquired competencies for collective bargaining is crucial for understanding unions’ contrasting fortunes following the decentralisation of collective bargaining.

There is one crucial difference between collective bargaining conducted at central level by full-time officers employed by the union, and decentral bargaining at the workplace, conducted by lay (i.e. unpaid) union workplace reps: as opposed to full-time officers, lay union workplace reps at the plant level have two loyalties, one towards their company, including the workforce they are representing, and one towards their trade union, its aims and policies. In a decentralised bargaining system without a rigid framework, loyalty to the company increasingly outweighs commitment to the union.

Therefore, bargaining decentralisation has encouraged the active pursuit by management and workplace representatives of the economic well-being of the company over other considerations, and thus has promoted a form of plant-syndicalism (Betriebssyndikalismus) which focuses on the interests of insiders (the employees), in particular in times of recession and high unemployment. The implication of this is that the growing autonomy of union workplace reps challenges the ability of unions to pursue their policies. Trade union officials, even in the strong union IG Metall, perceive this to be a major threat.

Similarly, bargaining decentralisation, and the resulting shift towards company- or plant-level bargaining, would facilitate the formation of so-called “productivity coalitions”, where co-operation with management and commitment to the firm’s central goals are exchanged for greater job security and participation in strategic decision-making. The degree to which this actually happens is dependent on the link between workplace reps and their union (i.e. union structures outside the plant). If this relationship is a close one, unions are more likely to be able to influence their workplace reps in order to coherent bargaining policies throughout the sector and union policies in general. The more independent workplace representatives are from their unions, the less unions will be able to influence

them, and thus to realise their policies.

In the case of the west German metalworking industry, works councils were capable and inclined to respect the framework provided by the industry-wide agreement. In this case, the stability was linked to the relatively high membership density of the sector's union, IG Metall, the high proportion of unionised works councillors, and the predominance of large and medium-sized companies in the metalworking sector. In short: the stability was based on IG Metall's strength. In British unions representing workers in metalworking industry, in particular Unite and its predecessors, this was not the case to the same degree, for various reasons – in particular, multi unionism (before the establishment of Unite, several large unions, such as T&G and AEEU represented workers in the industry) and weaker central organisation and coordination.

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Note: This article gives the views of the author, and not the position of EUROPPE – European Politics and Policy, nor of the London School of Economics.

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