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Keywords
call centers, Europe, industrial relations, labor market, segmentation, outsourcing

Comments
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Introduction: Institutional Change and Labor Market Segmentation in European Call Centers

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This article examines the dynamics of workplace change in European call centers. Survey data and case studies from Austria, Denmark, France, Germany, the Netherlands and Spain show large national and sectoral differences in institutional inclusiveness and labor market segmentation. These reflect variation in the institutional constraints and resources available to employers and unions as they adjust to market changes. However, union strategies to organize new groups and close gaps in existing regulations are becoming increasingly important as restructuring undermines traditional forms of bargaining power.

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Introduction

Continental Europe has long been known for having strong unions and traditions of comprehensive social and legal regulation of work. Today, the institutions that have supported this social model are changing. Market liberalization and European integration, changes in financial markets and weakening ties between social-democratic parties and trade unions have challenged established industrial relations structures. At the same time, Europe still displays a 'variable geometry' of regulations and bargaining arrangements. Historic differences in the role of the state, codetermination rights and mechanisms for extending collective agreements have become more important in recent years as political and social actors seek new solutions to balancing social protection with labor flexibility and job creation (Ebbinghaus, 2002; Vos, 2006).

The articles that make up this special issue, based on cross-national case study and survey research in call centre workplaces, ask how these persistent institutional differences within Europe influence contemporary dynamics of workplace change. Call centers are representative of new service activities that have expanded in recent years, with intensified cost pressures in liberalized markets and new restructuring opportunities provided by advanced information technologies. They also have a number of characteristics that might be expected to lead to convergence on a low wage, Taylorized model of work design: low capital requirements, high mobility and often easily rationalized task content. As such, they pose difficult challenges for union organizing and collective bargaining. In this environment, do national institutions make a difference for employer and union strategies and worker outcomes? To what extent are employers able and willing to avoid existing constraints on unilateral decision-making – and how do these opportunities vary across

countries or sectors? Which institutions influence unions' and works councils' ability to shape management choices concerning, for example, the structure of work and pay in these peripheral service jobs?

These questions relate to broader debates concerning the dynamics of institutional change within national models of capitalism. Comparative scholars from political economy and industrial relations traditions have debated trends associated with market liberalization, such as the shift towards shareholder-oriented forms of corporate governance, changes in the role of the state and the weakening of union capacity to influence employer behavior (Bosch et al., 2009; Crouch, 2005; Deeg and Jackson, 2007; Gospel and Pendleton, 2005; Streeck, 2009; Streeck and Thelen, 2005). However, much of this work is based on macro-level comparisons of peak social actors, manufacturing sectors with deep institutional legacies or single-country case studies. The articles in this issue, by contrast, focus on new service enterprises that employ a predominantly female workforce with traditionally weak attachment to the labor market. As such, they offer insights into the dynamics of change in the growing number of poorly regulated workplaces in Europe. In addition, because call centers are based in diverse sectors with different levels of union power, we are able to assess the differential impact of industry-specific institutions within countries as well as national institutions across countries. Finally, call centers are a useful setting to examine the politics of restructuring, because their low capital-intensity and high mobility make them a frequent target for restructuring measures designed to save labor costs. Thus, a comparative analysis of call centers provides an instructive window on the relationship between actor strategies and institutions as played out at workplace level: how and why employers adopt different strategies for organizing the same type of work, how unions respond and under what conditions these strategies lead to differentiated job structures and pay or to new forms of labor market segmentation.

The contributors to this special issue draw on comparative survey and qualitative research from call centers in Austria, Denmark, France, Germany, the Netherlands and Spain. Findings are based on two major international research projects: the Global Call Centre (GCC) project, a study of employment relations and management strategies in the call centre industry involving identical establishment-level surveys administered in 19 countries (Batt et al., 2009; for technical reports with full descriptions of each country report and the international report, see www.globalcallcenter.org); and the Russell Sage Foundation project on Low Wage Work in Europe, a comparative study based on matched case studies of low wage jobs in five sectors across five European countries (Bosch and Weinkopf, 2008; Caroli and Gautie, 2008; Salverda et al., 2008; Westergaard-Nielsen, 2008).

In this introduction, we present an overview and comparative analysis of the findings from the articles in this special issue, also drawing on past studies from these two projects. Universally, employers have reorganized call centre jobs through subcontracting, work redesign and use of nonstandard contracts, moving work from unionized firms into smaller, nonunion and less regulated firms and creating layers of differentiated jobs and pay within firms. However, the extent and forms of labor market segmentation that result from these strategies depend upon the relative inclusiveness of national industrial relations systems and employment laws. Union success in maintaining collective protection also depends on bar gaining power at the sectoral level and differences in strategies to organize new groups. Long-term outcomes for more marginal call centre jobs are thus likely to depend not only on existing institutional protections but also on the strategic choices of unions to leverage diverse resources.

In the following sections, we outline the challenges that market liberalization has posed for unions in the emerging call centre sector, briefly review the national institutional differences that provide alternative resources and constraints for the social actors, summarize our findings and link these to the broader comparative literature.

Liberalization, Institutional Change and Challenges for Unions

The liberalization of capital, product and labor markets in the last three decades has created common challenges for European trade unions. Corporatist arrangements had been established in many countries as political compromises aimed at achieving labor cooperation in wage moderation while supporting social partnership. Despite national differences in bargaining centralization and the cohesiveness of trade union movements, West European countries shared relatively high coverage of collective agreements and participation rights that provided workers with the opportunity to exercise collective voice in management decisions.

While many of the core features of this model persist, the institutions that underpin it have changed substantially. Traditions of bank-based finance and cross-shareholding between large firms allowed management to adopt long-term investment strategies premised on the stability of 'patient capital', and underpinned the productivity coalitions viewed as central to negotiated compromises with labor in countries such as Germany. The shift to more competitive capital markets has increased pressures to maximize short-term results and 'shareholder value', potentially undermining the acceptance of labor as a central stakeholder in strategic decision-making (Gospel and Pendleton, 2005).

A shift towards more volatile, internationalized and price-competitive product markets has also driven change in bargaining relationships. While industry-level negotiations remain important, firm and establishment-level bargaining have become more salient (Katz and Darbishire, 2000). Bargaining decentralization has strengthened management's ability to set unilateral employment terms or to use 'coercive comparisons' between locations to secure concessions on pay or working time, particularly in multinationals (Edwards et al., 1999; Greer and Hauptmeier, 2008). European governments also have responded to firms' demands for greater flexibility and the political pressures of high unemployment by relaxing restrictions on temporary work, giving rise to the increasing use of precarious forms of employment with lower wages and social protections (Dörre, 2005).

EU-driven liberalization of service markets has exacerbated these trends. Over the past decade, European governments have deregulated historically protected industries such as telecommunications, utilities, financial services, postal services and transportation (Clifton et al., 2003; Keune et al., 2008). New entrants in these industries, with the advantage of lower cost structures, have challenged incumbent firms to reorganize work, shed employment and push for concessions in collective agreements.

Market liberalization has also spurred the growth of call centers as a low-cost means of organizing customer service work. These new economic entities have become a 'litmus test' for unions (Holst, 2008) for several reasons. First, the nature of the work and technology allows tasks to be easily separated into discrete groupings that may be allocated to different jobs, employee groups, or organizational units. This leads to increased labor market segmentation, creating separate sub-markets 'distinguished by different labor market characteristics and behavioral rules' (Reich et al., 1973: 359). Call centre managers can allocate work to

subsidiaries or subcontractors without incurring the transportation or inventory costs found in manufacturing. They also can manage fluctuations in demand flows by shifting call volumes in real time, adopting competitive benchmarking of similar call types, or 'peeling off' more transactional portions of calls. These strategies allow firms to use coercive comparisons to secure bargaining concessions or escape collective agreements altogether (Doellgast, 2008; Holtgrewe, 2001).

Second, this process of labor market segmentation has resulted in a call centre 'sector' that is institutionally fragmented, including 'in-house' centers with established industrial relations systems in such industries as telecommunications and financial services and outsourced centers covered by weak agreements or none at all (Lloyd et al., 2009). Labor costs are particularly important in call centers because they typically constitute 70 percent of total operating costs (Holman et al., 2007). Moreover, call centre jobs tend to be viewed as 'clerical work' and thus peripheral to the firm's core competencies, despite their often high skill content (Thompson and Callaghan, 2002). Thus employers target these operations for restructuring, while industrial unions may view them as marginal to the skilled, core occupational groups that form the bulk of their membership.

Third, most call centre jobs are located in service industries, where EU efforts at harmonization and market integration have led to ongoing deregulation, frequent changes of ownership through mergers and acquisitions and the growing dominance of multinationals. These changes intensify cost pressures, instability and union jurisdictional disputes as enterprises move from one industry to another and as conglomerates spin off subsidiaries or enter into joint ventures (Doellgast and Greer, 2007). Restructuring also creates unstable relationships among worker representatives at different locations in the same corporation, which is exacerbated if they are members of distinct unions.

Finally, call centers are high-turnover workplaces, making it difficult for unions to maintain a stable membership or collective activity (Taylor and Bain, 2001). Employers tend to adopt a standardized production model that induces higher than average turnover and a staffing model that relies disproportionately on the use of temporary or part-time workers (Gorjup et al., 2009). Women and students, with weaker attachment to the labor market or fewer employment opportunities, are more likely to take these jobs. Workers on precarious contracts may be more subject to intimidation and less likely to support collective bargaining.

In sum, unions across Europe face similar challenges to organizing workers in increasingly segmented job structures and organizational units in a fragmented institutional environment. However, each country's labor market institutions offer distinct points of leverage for collective action, leading to differences in the politics of restructuring.

National Differences and Their Implications

One important institutional difference between the six countries examined is the inclusiveness of labor market institutions: the extent to which collective bargaining and employment laws cover the entire working population. This is particularly important for call centers because, as noted above, they are able to operate outside traditional industry boundaries, tend to offer poor working conditions and disproportionately hire women, minorities and students on non-standard contracts. Call centers follow the national patterns of the countries in which they are located: more inclusive systems provide more comprehensive labor market protections and result in less differentiation or segmentation in job structures

and pay. However, they tend to have lower bargaining coverage than national averages, and employers are able to exploit institutional loopholes to avoid collective agreements and employment protection rules. Table 1 summarizes data on industrial relations systems, employment protection and outcomes at the national level and in call centre workplaces.

Industrial Relations Systems and Minimum Wage Laws

Industrial relations systems differ in the extent to which collective bargaining remains centralized, the level of state intervention in bargaining and the extent of workplace representation. National differences in minimum wage laws also are important, particularly for low-wage jobs, as these set a floor for negotiated minimum levels or for workers who are not covered by collective agreements.

All six countries have traditions of sectoral, multi-employer bargaining. To varying degrees, these systems have been modified by the growth of company-level bargaining and by declining union membership; but in general, the inclusiveness of bargaining institutions remains strong. France, the Netherlands and Spain have statutory minimum wages, which in the first two countries are relatively high, €8.7 and 8.5 per hour respectively (Schulten, 2009). These same countries have formal mechanisms for extending agreements to all firms in a sector. In Austria, mandatory membership of the *Wirtschaftskammer* – which negotiates on behalf of employers – results in virtually universal coverage of agreements. In Denmark there are no formal mechanisms for the extension of agreements, but employers still comply voluntarily with collectively agreed standards because union membership rates are high and norms of labor-management trust have not eroded (Westergaard-Nielsen, 2008). Thus national bargaining coverage remains at 80 percent or more in all these countries. Germany is the exception: the statutory extension mechanism is difficult to implement and rarely used, and employers have increasingly refused to abide by sectoral agreements. Bargaining coverage has fallen to 68 percent in the West and 53 percent in the East. Germany also has no legislated minimum wage so that employers with no collective agreement are able to set wages unilaterally.

The call centre sector reflects these differences in industrial relations systems. As most centers continue to be located inside primary firms, they are covered by existing industry agreements. Thus bargaining cover age for call centre workers is 60 percent or higher in all countries but Germany, where it is about 30 percent. Here, some employers have refused to comply with industry agreements; a larger percentage of centers are operated by subcontractors; and there are few company agreements and no sectoral agreement for subcontractors (Weinkopf, 2008).

In all countries, reported bargaining coverage is higher for workers in in-house centers than for those employed by subcontractors. However, the difference depends on the national institutional framework, as our survey data demonstrate. In Austria, 65 percent of in-house workers are covered compared to 55 percent of those in subcontractor centers. The comparable figures for France are 89 and 68 percent, and for the Netherlands, 73 and 59 percent. But in Germany, the figures are 46 and 15 percent, and in Denmark, 76 and 22 percent. While this representation gap is particularly marked in Denmark, the effects are diminished because subcontractors' employees are covered by the *Funktionærlov*, which sets employment conditions for white-collar workers. Moreover, despite low union coverage, subcontractors tend to follow the pattern of wages set by other agreements (Sørensen, 2008). Austria, France, the Netherlands and Spain also have sectoral agreements that cover call centre subcontractors, although most of these agreements are relatively weak.

The national industrial relations systems also vary markedly in the presence and bargaining power of workplace representatives such as works councils and shop stewards. Denmark has high union density and a long tradition of union shop stewards. In addition, cooperation committees (*samarbejdsudvalg*) have reasonably strong bargaining rights and have maintained close ties with unions (Bicknell and Knudsen, 2006). Works councils have the strongest formal bargaining rights in Austria, Germany and the Netherlands, where management is required to secure their approval on such issues as the implementation of new technology or design of variable pay. While unions and works councils have generally had close relationships, these may be weakening with declining union membership rates. French and Spanish workplaces have the weakest labor representation, both because their enterprise committees have fewer bargaining rights and weaker ties to national unions and because over all union density is low. Moreover, ideological and political divisions among unions undermine labor cohesiveness and strength at local level.

In the call centre sector, works councils or equivalent representatives are present in about half of workplaces in Austria, Germany and Denmark, with somewhat higher proportions in France, the Netherlands and Spain. However, their bargaining power and independence from management may rely on coordination with unions (Doellgast et al., 2009). In this regard, Germany stands out, with only 22 percent of call centers having both workplace representatives and unions compared to 40 percent or more in the other countries. Subcontractors in every country have a much lower incidence of both forms of representation – only 9 percent in Austria, 14 percent in Denmark and 11 percent in Germany. While we do not have data on union density in call centers, our interviews suggest that it tends to be low in most of our countries (in the range of 5–10 percent), except in traditional union strongholds such as Deutsche Telekom (DT) in Germany. Again, union representatives report particular difficulties recruiting members in subcontractors.

Employment Protection

Differences in employment protection legislation also influence the structure of jobs, pay and working conditions in call centers. These laws typically limit the ability of employers to dismiss individuals at will or to lay off groups of workers without prior notification, consultation with works councils or negotiation of severance payments. They also may regulate fixed-term or temporary agency work by setting limits on the duration or renewal of contracts (Shire et al., 2009; van Jaarsveld et al., 2009).

In recent years, the countries in this study have diverged in their employment protection regimes. With the exception of Denmark, they have quite similar levels of protection for 'core' employees on standard contracts; but they differ in their approach to temporary workers. Denmark is unique in having weak protection for both groups, while France and Spain have high protection for both; and Austria, Germany and the Netherlands represent mixed regimes with strict protection for permanent workers and weak restrictions on temporary contracts (see Table 1).

The general prevalence of temporary work has risen in all these countries in recent years, and it is higher in call centers than the national average, with the exception of Denmark. To some extent, patterns of use reflect national regulatory regimes. Temporary work is rare in Denmark, in part because of low restrictions on dismissals and layoffs for normal workers. Its 'flexicurity' model protects temporary workers when they are not employed via generous unemployment benefits, investments in training and active labor market policies. In addition, most contingent jobs in Denmark are filled by students who do not form a group of long-term low-wage workers (Westergaard-Nielsen, 2008).

Austria, Germany and the Netherlands have 'mixed protection' regimes, leading to relatively high use of temporary workers at both national and sectoral levels. German unions recently negotiated a collective agreement for temporary agency workers, but wages are often set substantially below those of workers in the same jobs covered by industry agreements (Vitols, 2004). *Mini-Jobs* – with very limited hours and reduced social security contributions – have spread in recent years (Bosch and Weinkopf, 2008). In Austria, by contrast, most precarious contracts are filled by self-employed 'freelancers', who have been covered by unemployment insurance since 2008 but by law are excluded from collective bargaining coverage, employment protection, holiday entitlement, sickness pay and supplementary grants. The Netherlands also makes high use of contingent workers but has stronger negotiated protections for them. It was one of the first countries to establish a collective agreement for the temporary agency sector; and while pay levels are still lower than the typical sectoral contract, they have been improving (Salverda et al., 2008).

France and Spain, by contrast, have the strongest protections for workers under both standard and contingent contracts, but with mixed effects on outcomes. France's level of temporary work rivals that of Germany, and Spain's rates of use are the highest of any country. Recent research shows that French employers have been able to skirt employment protection rules by using 'derogatory contracts', which are more prevalent in low-skilled, low wage jobs (Caroli and Gautie, 2008: 62). Similarly, recent studies suggest that enforcement of restrictions on temporary work is lax in Spain, leading to their widespread use (Blanco-Blanco, 2004; OECD, 2004). However, while both countries have a national minimum wage, French temporary workers enjoy a much higher legally mandated wage than Spanish workers.

Employer Strategies in the Call Centre Sector

The research discussed thus far provides a framework for understanding national institutional differences and how they are reflected in the emerging call centre sector. The articles in this special issue use case studies and survey evidence to offer a more detailed account of the interplay between institutions and employer strategies and outcomes. The first two focus on changes in collective bargaining in recently liberalized service industries. Doellgast, Nohara and Tchobanian compare restructuring in French and German telecommunications, while Sørensen and Weinkopf take up similar issues for the banking and utilities industries in Denmark and Germany. The second two articles examine non-standard work arrangements, with a focus on union attempts to curb poor working conditions and pay for more marginal groups of workers. Van Jaarsveld, de Grip and Sieben analyze labor market segmentation through subcontracting and the use of temporary agency workers in the Netherlands. Shire, Schönauer, Valverde and Mottweiler examine variation in patterns of use for different forms of non-standard work arrangements in Austria, Germany and Spain.

Together, these articles identify three kinds of strategies that differ within and across the countries examined here: organizational strategies across establishments, work design within establishments and use of non-standard contracts. We address each of these in turn.

Organizational Restructuring

Employers can choose to keep call centre work in-house, shift it to a subsidiary or subcontract to a third party. These decisions and their consequences for workers may be influenced by national and sectoral institutions. In Germany there are only weak formal mechanisms to extend collective agreements to all firms in a sector. This helps explain the very different organizational strategies pursued by Deutsche Telekom (DT)

and France Télécom (FT). DT has moved its call centers to several separate subsidiaries and renegotiated collective agreements in each of them, resulting in growing pay differentiation and work intensification. Conversely, the inclusive telecommunications agreement in France has induced FT to maintain a more centralized structure, with call centre departments within each subsidiary and relative stability in employment contracts for call centre workers. Segmentation is also more substantial in Germany compared to Denmark. German banks have set up *Direktbanken* as dedicated call centre subsidiaries outside the collective agreement, with pay levels below collectively agreed minima and with weakened union presence. Danish banks, by contrast, have largely retained these jobs in-house at a high pay level and have maintained strong and cooperative relationships with union representatives.

The organizational strategy of subcontracting is pervasive across all the countries studied, and associated with lower pay and weaker union presence. However, the outcomes for workers depend to some extent on whether and how national institutions extend collective representation to new economic activities such as call centers. The decision to outsource work in the first place may depend on differences in bargaining coverage and associated wage differentials between in-house and outsourced firms. For example, firms stand to gain more substantial cost reductions through outsourcing in Germany compared to France or Denmark – and this appears to encourage German firms to make more intensive use of outsourcing.

A central question in this regard is whether the division of work between primary firms and subcontractors becomes institutionalized as two distinct labor market segments with different rules guiding work and pay and employing different groups of workers. The sectoral agreements covering subcontractors in Austria, France, the Netherlands and Spain provide the resources or potential to equalize labor standards. However, subcontractors in all countries have been adept at avoiding strong collective regulation, albeit using different tools. Even where agreements cover subcontractors, these often fail to prevent the emergence of new forms of labor market segmentation, as they tend to be weak or to only provide basic levels of protection. For example, in 1998 Austria's white-collar union GPA succeeded in incorporating subcontractors into the agreement for 'miscellaneous business' (Holst, 2008). However, they have escaped contract provisions by using freelancers, who are defined as self-employed and not covered by the agreement or other labor market protections. Similarly, Spanish unions negotiated an agreement for telemarketing and contact centers, but the contractual standards are weak; and many call centers are registered under a more general national 'services' agreement with lower pay and fewer restrictions on the use of non-standard contracts.

The Netherlands has had a sectoral agreement for call centre subcontractors since 1999, following a concerted organizing effort by the unions in cooperation with several large employers who were interested in improving the image of the industry. This helped overcome the challenge posed by a competing (less favorable) agreement with minority unions (van Klaveren and Sprenger, 2008). However, the agreement contains weak provisions and has not prevented a high degree of differentiation in wages and working conditions between in-house firms and subcontractors. In France, subcontractors are also covered either by minimum terms and conditions in the *Code du travail* or by the national agreement for the tertiary sector, which was specifically extended to these firms in 2001. However, the two majority unions (CGT and CFDT) have refused to ratify it, seeing it as 'socially regressive' (Béraud et al., 2008).

Work Design

How employers choose to design call centre work has important implications for labor costs, on the one hand, and the structure of the labor market, on the other. Jobs that are designed to serve a wide range of customer needs tend to be broader in scope and provide opportunities for independent discretion and collaboration or learning at work. This 'high involvement' approach typically leads to greater skill requirements and pay for workers, with higher labor costs offset by higher revenue generation (Batt, 2002). An alternative approach relies on a more specialized division of labor with a hierarchical job structure, with different sets of work rules and labor priced according to the specific tasks per formed (Batt, 2001), facilitating the allocation of some jobs to subsidiaries, subcontractors or temporary workers.

We show that approaches to work design vary to some extent across countries and sectors, reflecting historic differences in strategies towards investment in workforce skills. The comparison of Danish and German call centers in banking and utilities demonstrates that while both tend to adopt a high involvement approach, Danish employers embrace this more fully, possibly as a result of broad acceptance of Scandinavian work design principles relying on autonomous teamwork and a history of cooperation with unions to implement these practices. Employers also appear more likely to pursue a high involvement approach to work design where labor presence at the workplace is stronger – particularly where unions and works councils work together effectively. Whereas works councils at DT have used their strong codetermination rights to insist on broader job design, discretion and group work while limiting individualized performance monitoring and evaluation, enterprise committees at FT have had limited impact in this arena because they have fewer bargaining rights, are more ideologically divided and are allied with multiple unions that have competing work design strategies.

Sectoral differences in bargaining institutions within countries are also salient. The strength of the Danish financial services union FF, coupled with an institutional legacy of labor-management cooperation and trust, have encouraged consultation and negotiated agreements for higher pay in exchange for extending work hours to evenings and weekends. By contrast, the service workers' union HK has been relatively weak historically, and this weakness continues in the utility sector, where the union has had very limited impact on the organization of service work. Similarly, in both France and Germany, the telecommunications industry has a distinctive legacy, as a former public monopoly with a large number of civil servants and traditionally strong unions. While close partnerships have weakened at DT and FT, unions and works councils continue to exercise considerable bargaining power over work reorganization decisions – unusual for both countries. Finally, the presence of stronger collective bargaining arrangements in in-house workplaces, compared to subcontractors, gives workers greater ability to exercise collective voice or to use bargaining rights to influence work organization decisions. For example, work design varies substantially between Dutch in-house centers and subcontractors, with higher discretion and greater use of teamwork in the former compared to the latter where collective voice is much weaker.

Non-standard Employment Contracts

The use of non-standard or precarious employment contracts takes a variety of forms, including fixed-term, temporary agency, freelance and marginal part-time contracts (associated with very low hours worked and thus low overall wages). These are widespread among in-house centers, but more common among subcontractors, as discussed above. They may be used to absorb demand fluctuations, to save costs or as a complement to or substitute for subcontracting. Differences in national and collective bargaining institutions influence employer decisions in their use of these contracts and shape associated worker

outcomes. Temporary agency work plays a particularly important role in Dutch call centers, reflecting the institutionalized role of temporary work in the Dutch economy and the high skill levels of agency workers. Spanish call centers make very high use of fixed-term contracts compared to Austrian and German centers; however, Austrian centers use a high proportion of freelance and temporary agency contracts, which are the functional equivalents. These differences are shaped by laws regulating the use and duration of different kinds of contracts, as well as protections for the permanent workforce.

Union and works council presence also makes a difference for the use of precarious forms of work. In some cases, these contracts may be tolerated or even encouraged by worker representatives. In the Netherlands, some of the provisions in the collective agreement for agency workers are stronger than those in the agreement for subcontractors. Moreover, temporary agency workers may be viewed as a positive support to job security for the permanent workforce of in-house call centers (and an alternative to outsourcing). The terms of the collective agreement for the agency sector were developed over 15 years, resulting in a comprehensive agreement that provides considerable protection, including pension coverage and job security, and temporary workers may more readily acquire permanent status. In sum, the social actors have reduced the likelihood that employment status is used as the basis for defining distinct labor market segments. The Netherlands has become a model for other countries: in Germany, collective agreements that seek to limit the use of fixed-term contracts and marginal part-time work (mini-jobs) seem to be having some effect; and in Austria, unions have led campaigns against the use of freelancers. In Spain, by contrast, centers with works committees make greater use of fixed-term contracts than those without, presumably in order to protect core workers' pay and working conditions.

The Countries Compared

These findings demonstrate that firms in all six countries pursue broadly similar goals, but use different strategies to organize work and reduce costs, with implications in turn for the quality of jobs and the form and extent of labor market segmentation and wage inequality. In the remainder of this introduction we try to make sense of these differences by comparing the overall characteristics of the call centre sector in each country and associated worker outcomes.

First, we see that one of the effects of national and collective bargaining institutions is to influence the form of labor market segmentation that firms adopt. Different legal loopholes or areas of union weakness mean that firms may achieve similar outcomes, such as cutting labor costs, using different strategies. We might think of this as different forms or national 'varieties' of institutional avoidance: one effect of institutions is simply to channel a similar strategy in a different direction. Call centers are more likely to use freelancers in Austria, fixed-term contracts in Spain or mini-jobs in Germany, but these jobs are similarly insecure. This implies that every country has some gaps in regulations governing this work, and these may encourage the growth and persistence of labor market segmentation if they go unchecked.

However, second, we also find that some configurations of national institutions limit the *extent* of segmentation and negative outcomes for workers. In particular, extension mechanisms that prevent employers from avoiding or leaving collective agreements reduce incentives to use subsidiaries or outsourcing to cut costs (as in France) or ensure that where non-standard contracts are used, they are protected by strong collective agreements, as with agency work in the Netherlands. Exceptions may be where unions are already weak or primarily seek to protect their core workers, as in Spain. At the sectoral level,

historical variation in union bargaining power, bargaining structures and union strategies to organize and represent new employee groups matter quite a bit for outcomes. Employers also appear more likely to pursue strategies that rely on employee skill and participation in countries like Denmark and Germany, where distinctive management cultures or training systems encourage these approaches. While firms face common pressures to cut labor costs, these incentives or opportunities for pursuing a 'high involvement' model make a difference for work design in certain core or strategic call centre jobs. The constraints provided by strong collective bargaining institutions may be relatively more important for maintaining standards in jobs, firms and sectors most subject to intense price competition or cost-cutting pressures.

Based on this discussion, we can roughly order the six countries in terms of institutional inclusiveness and the degree of observed segmentation in call centers. Denmark and France have both high inclusiveness and lower segmentation; Austria, the Netherlands and Spain have high inclusiveness with moderate to high segmentation; while Germany displays both low inclusiveness and high segmentation.

Denmark and France display low wage dispersion, high bargaining coverage, a high proportion of full-time, permanent employment and a moderately low proportion of employment in subcontractors. In other words, both the incidence and negative impact of segmentation strategies are comparatively low. The institutions that have influenced these outcomes differ, however. In Denmark, inclusiveness is due to high union density and the voluntary normative compliance of employers despite, or because of, a relatively low level of formal employment protection; while in France, it is due to state intervention through mandatory extension, a high minimum wage and strong employment protection. In both countries, high inclusiveness can be largely attributed to institutional stability: existing rules and structures facilitate the extension of agreements and employment protections to new worker groups, but they also have not been tested in the same way as in some other countries. This may, again, have diverse causes. In Denmark, low unemployment, a flexible labor market and strong unions reduce both the ability of and incentives for employers to push for further deregulation. In France, unions have some degree of political strength at national level despite their weakness at the workplace, and there is strong overall public support for maintaining a high minimum wage. Under these conditions, unions have had fewer incentives to adopt new campaigns targeting under-represented or atypical workers because they are able to rely on traditional institutional resources to maintain some degree of power or coverage for these more peripheral groups. However, pressures may increase if subcontracting becomes more common and the gap in working conditions increases.

We find more mixed outcomes in Austria, the Netherlands and Spain. All have high bargaining coverage and moderate to high inclusiveness, but also high wage dispersion, rivaling that of liberal market economies such as the USA and Canada (Batt et al., 2009). In all three countries, the use of non-standard work is widespread; and extension mechanisms have historically been combined with allowances for wage moderation or legal and institutional loopholes, allowing employers to introduce different forms of wage or numerical flexibility at the margins of standard employment arrangements. Austria has historically had lower wages than its most important trade partner Germany, especially in the services sector, with highly segmented labor markets and a high degree of sectoral wage inequality, including a large gender pay gap (Hermann and Flecker, 2009). In the Netherlands there is a lower minimum wage (and a much lower youth minimum) than in France, and a high proportion of part-time work. In Spain, the high proportion of temporary workers serves to depress pay and restrict access to stable jobs in this sector.

One difference between these three countries is in how unions have undertaken campaigns to organize and represent the interests of those who work for subcontractors or on non-standard contracts. Austrian unions have targeted subcontractors in organizing efforts and led a major campaign to close legal loopholes related to freelancers, resulting in some success in extending unemployment insurance to these workers. Dutch unions have also been quite proactive in organizing in the subcontractor sector, struggling to establish and maintain sectoral bargaining there; and they were leaders in Europe in negotiating encompassing agreements for temporary agency workers. Spain appears to be a contrasting case where unions are weaker and have made fewer efforts to organize call centre workers and particularly those with non-standard contracts, with very low membership rates among temporary workers (Sánchez, 2007). However, this may be changing, as some of the major unions have begun campaigns targeted at reforming employment regulations governing non-standard employment and publicly identifying call centers that are not complying with the stronger sectoral agreement for subcontractors.

Finally, Germany is a unique case with low institutional inclusiveness, a high incidence and negative impact of segmentation strategies, high wage inequality and extensive use of subsidiaries and subcontracting. Here, developments in call centers reflect growing gaps in regulation that have contributed to the expansion of precarious and low-wage work. While core firms and employee groups continue to be covered by strong sectoral and company agreements, employers enjoy multiple 'escape routes' that allow them to leave collective agreements or avoid them for certain jobs or activities. This is due to several unique conditions, including the lack of a minimum wage and traditions of limited state involvement in collective bargaining. However, politics and union strategies have also played an important role. German unification strained the system by raising unemployment and bringing in a region with lower pay, inferior conditions and weaker collective bar gaining institutions. Unions were slow to respond to the growth of subcontractors and precarious contracts, focusing initially on protecting core employees. This has changed in recent years, with a new agreement for temporary agency workers (though at a low level), and growing momentum behind union campaigns to limit the use of mini-jobs and establish a minimum wage. However, these do not seem to address the problem of deteriorating bargaining coverage, and particularly the lack of sectoral agreements for established sectors such as telecommunications, where company agreements predominate, as well as subcontractors, who are largely unrepresented.

Conclusions

Comparative researchers face the challenge of making sense of the changes occurring in national industrial relations systems. The focus in these articles on the dynamics of restructuring in similar workplaces allows us to examine not only the simple relationship between institutions and outcomes, but to compare the interactions between strategic choices and legal or negotiated constraints on those choices. We find that certain institutions function as relatively stable or path-dependent resources and constraints. Differences in the role of the state or formal bargaining rights continue to give unions and managers different forms of leverage in negotiations over restructuring. However, actor choices concerning how to use these resources or how aggressively to pursue escape from existing constraints can also have a substantial impact on outcomes. Unions have shown varied willingness or ability to undertake campaigns to organize more marginal groups of workers or strengthen legislated employment protections; while employers differ in their readiness to take advantage of legal loopholes or adopt organizational strategies that bypass collective agreements.

Institutions are thus not simply functional supports for or constraints on employer strategies, but rather serve as heterogeneous resources that are subject to constant renegotiation and contestation. This is consistent with a power-based view of institutions: the bargaining power of different actors within a given context influences their responses to broader changes in markets or politics. Studies of collective bargaining decentralization have demonstrated that institutional change often reflects shifts in interests and the balance of power between actors (Jackson, 2005; Swenson and Pontusson, 2000; Thelen, 2001), pointing to the importance of distributional conflict and how it is resolved in understanding the dynamics of industrial relations (Hyman, 1975). A more recent literature on institutional liberalization and 'disorganization' in coordinated economies goes beyond the functionalist accounts of institutions in the mainstream 'varieties of capitalism' literature, emphasizing the role that defection from dominant institutional arrangements plays in driving change (Hall and Thelen, 2009; Höpner, 2007). For example, Streeck (2009) argues that iterative processes of actor-driven embedding and disembedding of markets help to explain historic variations in compromises reached between labor, employers, and the state – as well as the contemporary unraveling of many of those compromises in countries like Germany. However, these authors have largely focused on identifying the mechanisms of institutional change, rather than on their implications for employer and union strategies within countries that retain a legacy of coordinating or social institutions.

The findings presented here suggest that national institutions have persistent but distinct influences on the strategic choices of management and labor. First, incremental changes in labor market institutions have opened different loopholes that management can exploit to escape regulation during periods of technological innovation and intensified competition. Second, the sources of unions' power as they seek to extend or maintain regulation – or, put another way, to re-embed call centre work within a social system of regulation – depend to a large extent on heterogeneous resources that also vary across countries. In some institutional contexts, union power rests on central negotiation capabilities; in others, on the ability to follow collaborative strategies at both local and central levels.

However, employer strategies to exploit gaps in regulation and segment work tend to weaken these traditional sources of power. Thus, unions are increasingly pushed to innovate, adopting new campaign approaches consistent with a more fragmented institutional setting and weakening political resources (Greer, 2008). In the call centre sector, unions are just starting to make this shift in Germany and Spain, while Austrian and Danish unions appear to have been relatively more proactive. The ability to close off institutional escape routes will thus depend to some extent on historically developed relations and patterns of action, as well as new responses to the external challenges coming from changing politics, supranational institutions, technology and managerial fads.

A broad conclusion that can be drawn from this study of call centers is that strong collective bargaining institutions and the extension of union representation are necessary to avoid the continued erosion of pay and working conditions for easily rationalized service jobs. Unions have different resources to pursue their goals across European countries. However, where these resources are strongest and where unions have sought to apply traditional resources to new ends, the extent of labor market segmentation and its negative effects on worker outcomes appear to be the least severe.

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