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Institutional Change and the Restructuring of Service work in the French and German Telecommunications Industries

Virginia Doellgast
Cornell University, vld7@cornell.edu

Hiroatsu Nohara
Université Aix-Marseille

Robert Tchobanian
Université Aix-Marseille

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Virginia Doellgast

London School of Economics

Hiroatsu Nohara

Université Aix-Marseille

Robert Tchobanian

Université Aix-Marseille

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V. Doellgast, London School of Economics, LSE, Houghton Street, London WC2A 2AE, UK, v.l.doellgast@lse.ac.uk

H. Nohara, Laboratoire d'Economie et de Sociologie du Travail (LEST-CNRS), Université Aix-Marseille, LEST-CNRS, 35 Avenue Jules Ferry, 13626 Aix-en-Provence cedex, France, hiroatsu.nohara@univmed.fr

R. Tchobanian, Laboratoire d'Economie et de Sociologie du Travail (LEST-CNRS), Université Aix-Marseille, LEST-CNRS, 35 Avenue Jules Ferry, 13626 Aix-en-Provence cedex, France, robert.tchobanian@univmed.fr

Abstract

This study analyses recent changes in collective bargaining institutions and their implications for employer strategies in the French and German telecommunications industries, drawing on case studies and survey data from call centre workplaces. Findings demonstrate that differences in both formal institutions and past logics of action influenced actor responses to changing markets and ownership structures. French trade unions were more successful in establishing encompassing bargaining structures and reducing pressures for pay differentiation, due to state support for the mandatory extension of agreements and unions' strategic focus on centralizing bargaining. In contrast, bargaining in Germany has become increasingly fragmented and decentralized as unions and works councils focused on company-level bargaining at major employers. This focus allowed worker representatives to preserve their strong influence over employment practices in core workplaces but has contributed to declining bargaining coverage and growing wage inequality.

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Introduction

France and Germany represent contrasting models of ‘coordinated’ capitalism. While the French state plays a leading role in regulating bar gaining and mediating inter-firm relations, Germany has more autonomous intermediation by employers’ associations and industry-level trade unions. These institutions supported different approaches to work organization in the 1980s and 1990s (Goyer, 2006; Maurice et al., 1986; Schmidt, 2004), but placed similar constraints on wage inequality and the expansion of non-union workplaces.

In recent years, union membership has declined and collective bargain ing has become increasingly decentralized in both countries. This has increased the scope for unilateral management strategies and individualization of human resource management. However, in France the state still plays a key role in regulating and extending collective agreements, which has helped to maintain sectoral bargaining at a time when bargaining coverage is declining in Germany (Bosch and Weinkopf, 2008; Caroli and Gautie, 2008). German unions also continue to adopt a ‘social partnership’ approach to work restructuring in cooperation with strong works councils, while French unions remain divided and weak at workplace level (Gumbrell-McCormick and Hyman, 2006).

These differences make France and Germany good cases for examining the process and outcomes of institutional change in coordinated settings. In this article, we compare recent developments in industrial relations institutions and employer strategies in telecommunications, a large service industry that was traditionally state-owned, with employment relations that reflected a public sector governance structure. This changed as the industry was deregulated in both countries in the mid- to late 1990s to conform with EU directives, ending the monopoly of the two major incumbent providers, France Télécom (FT) and Deutsche Telekom (DT). Despite similar backgrounds, collective bargaining institutions have subsequently developed differently. In the late 1990s the French unions negotiated a strong sectoral agreement that now covers all major employers and their subsidiaries, while German unions have negotiated firm- or company-level agreements, mainly with larger employers.

We examine the causes of these divergent outcomes and their implications for pay differentiation and employment practices in call centre jobs, which represent a large proportion of employment in the industry and have been a major target of restructuring. We argue that cross-national variation is best understood in terms of societal differences in systems of workplace representation (Maurice et al., 1986). The end of public sector monopolies enabled industrial relations actors to exercise strategic choice in two areas: the design of new sectoral institutions and the redesign of work and employment contracts. Despite similar opportunities to expand their scope of action, unions adopted approaches that were tied to their distinctive identities and resources – which can, in turn, be traced to national bargaining structures and rights as well as the particular characteristics of public monopolies. In Germany, union action focused on preserving union influence and working conditions within DT, reflecting the strong and independent position of its works councils, their corporatist bargaining relationship with the former monopolist and the lack of state support to extend collective bargaining institutions to new firms. In France, unions pursued a more encompassing strategy aimed at centralizing bargaining and incorporating new firms and groups of workers into agreements, reflecting the distinctive structure of the civil service in France, union militancy and independence from management, and state support for the mandatory extension of collective agreements. However, they had less influence over work reorganization decisions, allowing management to adopt more intensive monitoring and control over working time. Thus, new practices and strategies were rooted in both existing logics of action and formal resources provided by the state.

Our findings demonstrate the varied mechanisms through which institutional change can occur within coordinated models of capitalism. Pressures for the liberalization of labour market institutions and collective bargaining arrangements are mediated both by distinctive social institutions and by the strategic choices of actors who seek to re-embed firms within those institutions. However, these strategic choices are linked to the social construction of actors within firms and industries: unions act within limited spheres of autonomy that constrain their courses of action. We show that differences in these constraints can help explain not only how institutions develop and change but also the particular ways in which those new institutions influence management responses to more competitive markets.

We begin by comparing recent changes in the industry and collective bargaining structures in the two countries, then examine how these trends have affected organizational restructuring and employment practices, using matched pair case studies and data from two national surveys of call centre workplaces. We focus on FT and DT, as these firms still employ the majority of the telecommunications workforce in each country and present important 'lead' restructuring cases. Survey data are drawn from identical surveys carried out in 2004, coordinated by the Global Call Centre Project (GCC) (Batt et al., 2009). The survey includes both in-house telecommunications call centres and subcontractors serving the telecommunications sector, and so allows for a comparison between these workplaces.

Market Liberalization and Institutional Change

Both the French and German telecommunications industries were public sector monopolies until the mid-1990s. DT and FT were split off from the national postal services in 1989 and 1991 respectively; and were converted to publicly traded corporations in the mid-1990s. Each government initially retained majority ownership but now holds only a quarter of shares (though the French state retained a minority blocking right). In both countries, privatization initially involved a ‘patient’ capital structure with national institutional investors and bank ownership, changing more recently to a competitive and shareholder-based structure, with a growing proportion of private shareholders and international institutional investors.

Each company’s monopoly was also eliminated, in line with EU requirements. Competing mobile networks and satellite providers were allowed in the late 1980s in France and the early 1990s in Germany. Then in 1998, legislation came into effect in both countries that opened fixed voice-telephony services to competition and required FT and DT to lease portions of their networks at a regulated price. Today, foreign-owned multinationals, larger national firms, and smaller city providers and service resellers compete with the former monopolists in the growing ‘multimedia services market’. However, FT and DT still dominate their national markets and employ a majority of the telecommunications workforce.

These changes in markets and ownership posed dual challenges to industrial relations actors that had traditionally represented workers in a public infrastructure industry: how to organize new competitors that were smaller and lacked a tradition of collective bargaining, and how to adjust to a new logic of competition that heightened pressures on the former monopolists to cut costs and restructure employment. Below we com pare the strategic responses of these actors and their institutional effects, focusing on changes in the structure of union agreements and role of elected worker representatives. Institutions changed radically in both areas, but along different paths. In France, decentralization was accommodated within a centralized bargaining system that maintained minimum employment terms and conditions; but management retained substantial control over local work organization and HRM decisions because of weak and divided worker representatives. In Germany, de centralization was accompanied by institutional disorganization and the growth of poorly regulated, non-union workplaces. The union's relative strength in DT's core workplaces gave it more control over the agenda of work reorganization but reinforced its focus on these workplaces.

Union Agreements

One challenge associated with liberalization was adjusting the formal system of collective agreements to a new industry structure. Neither France nor Germany had a sectoral agreement when telecommunications markets were liberalized in 1998. In the early 1990s, most employees at FT and DT were civil servants (*fonctionnaires* and *Beamte*), and thus covered by distinct employment laws. In France, their working conditions are determined by civil service negotiations, while in Germany they are established by federal legislation. In both countries, civil servants have strong job security and protected pay and job progression rights. The continued presence of this group of employees at FT and DT has affected the development of collective bargaining and created distinct constraints on restructuring. However, their numbers are shrinking: from 97 percent of FT employees in 1995 to around 70 percent in 2008; and from 50 percent of the DT workforce in the mid-1990s to 28 percent in 2008.

Private employees who are not civil servants are covered by separate bargaining structures. In France, the first agreement with FT and La Poste was negotiated in 1991 by four unions: the *Confédération française démocratique du travail* (CFDT), *Force ouvrière* (FO), the

Confédération française des Travailleurs Chrétiens (CFTC) and the *Confédération française de l'encadrement – Confédération générale des cadres* (CFE– CGC). Today, the *Confédération générale du travail* (CGT) and CFDT, together with the more radical *Solidaires, unitaires démocratiques* (SUD), have the highest membership, followed by FO and CFE–CGC. The CFTC and UNSA (*Union nationale des syndicats autonomes*) have too little employee support for formal representation rights. In Germany, the *Deutsche Postgewerkschaft* (DPG) operated as a single-enterprise union and continued to negotiate with DT after it was converted to a public company. Membership density was around 80 percent throughout the 1990s, and the union exercised strong influence over corporate strategy through its close relationships with company works councils and representation on the supervisory board (*Aufsichtsrat*). In 2001 the DPG merged into the new conglomerate services union *ver.di*, which is now DT's major bargaining partner, though two smaller unions also have members.

As the former monopolists pursued strategies of product diversification in the 1990s and 2000s, their unions adjusted to more decentralized bar gaining at subsidiary or division level. At FT, subsidiaries for new market segments were created in the early 2000s. Management gave civil servants the option to transfer to subsidiaries with rights of return, but hired most of the workforce externally, which brought them under the company's private sector agreements. In 1997, a new 'social agreement on employment' defined a two-level bargaining procedure, whereby a central agreement is followed by bargaining between local management and union representatives. When FT established the subsidiaries Orange (wireless) and Wanadoo (internet), they initially had their own bargaining process and rules, but this was recently replaced by a global negotiation structure with one agreement governing base pay, job classifications and promotion criteria.

DT adopted a divisional structure in the 1990s, setting up its four ‘pillars’: T-Com (fixed-line), T-Mobile (wireless), T-Online (internet) and T-Systems (business services). Management also gave civil servants the option to transfer to the new subsidiaries and give up their protected status, with the ability to return within a fixed period of time. However, unlike France, the union could not establish a corporate agreement. DT eventually negotiated company-level agreements for most subsidiaries, but with wide variation in pay and working conditions (Doellgast and Greer, 2007).

Sectoral bargaining has also developed differently in the two countries. In the 1990s, new market entrants either were not covered by collective agreements, negotiated separate agreements with trade unions at the company level, or, in France, adhered to another sectoral agreement. This changed in the late 1990s: while French unions negotiated an encompassing telecommunications agreement, in Germany collective bargaining has become increasingly disorganized.

In France, FT and its major competitor CEGETEL established an employers’ association, UNETEL, and signed an agreement in December 1998 with a consortium of five unions (Mias, 2008). This was legally extended to all firms in the sector, defined to include telecommunications and internet providers, cable operators, television and radio broadcasting units and call centres owned by firms in these industry segments. UNETEL’s members now represent 19 percent of firms employing 90 percent of the telecommunications workforce. In April 2000, a global collective agreement was negotiated defining job classifications, social benefits, length and types of work schedules and minimum salaries. While the sectoral agreement defines binding minimum standards, large companies have additional agreements that improve pay and working conditions; its primary role is thus to organize and manage joint efforts between firms in areas like vocational development, while leaving management with considerable autonomy over HRM and work organization.

In contrast, German telecommunications firms are still covered by a patchwork of company agreements. The *ver.di* telecommunications department is formally responsible for the industry; but its strongest agreements are at DT, with most of its major competitors covered by other industry unions, including Transnet, IG Metall and IG BCE. These unions (with membership in the railway, metalworking, chemical and energy sectors) had originally negotiated agreements for the telecommunications subsidiaries of firms in their sectors, retaining their members after these activities were spun off. Meanwhile, a number of firms have no agreements, including the major wireless provider E-plus.

As a result, bargaining coverage and coordination are substantially higher in France, where all employees are covered by one sectoral agreement. In Germany, estimates suggest that 85 percent of employees were covered by company-level agreements in 2006, with widely varying terms and conditions (Doellgast, 2009). The key developments are summarized in Table 1.

Insert Table 1 about here

Why were outcomes so different between the two countries? First, the French state placed strong pressure on all parties to enter into negotiations since mandatory extension of collective agreements is the norm. In Germany, such pressure is limited by the principle of *Tarifautonomie* (the constitutional right of unions and employers to negotiate agreements without state interference) and the far more restrictive rules on mandatory extension.

Second, differences in bargaining structure and past logics of action influenced trade unions' strategic orientation towards new competitors. In Germany, the principle of industrial unionism mitigates potential conflict over membership recruitment and facilitates a 'social partnership' approach. However, this has created obstacles to establishing a unified bargaining structure. The close relationship with the former monopolist, and the union's role in lobbying for legislation favourable to DT, discouraged both member recruitment and the development of bargaining relationships in other firms. In addition, conflicts among industrial unions over jurisdiction in a 'new' sector made it difficult to coordinate strategy.

French unions are less unified, with clear ideological divides between more radical leftist unions, such as CGT and SUD, and more reformist unions closer to the centre, such as the CFDT. However, this more fragmented structure may have assisted in organizing, as the unions were not as closely associated with FT and its interests. Union power in the French telecommunications industry is still based on worker support for radical unions at FT, which has retained a civil servant culture rooted in a company-specific form of corporatism. But the unions' stronger rights and bargaining power in the public sector also provide a basis for extending coverage and services to telecommunications employees more generally.

Elected Worker Representatives

A second set of changes associated with liberalization and privatization was a redefinition of the interests and responsibilities of elected worker representatives. Competition on the basis of price and service differentiation increased pressure to decentralize decision-making to company or establishment level. This expanded the scope for bargaining over local issues such as work reorganization, but also disrupted coordination between different groups of worker representatives. Meanwhile, privatization meant that new laws and bargaining rights applied to a workforce that was previously part of the public sector.

In France, *comités d'entreprise* (enterprise committees) are joint bodies, including both the head of the company and employee representatives; and are elected by the workforce in companies with at least 50 employees. Election of *délégués du personnel* (workforce delegates) is compulsory in establishments with more than 10 employees; these represent employees with individual or collective grievances over matters such as work organization or discipline. However, neither body has formal codetermination rights, and union agreements have priority (Amadieu, 1995). In Germany, *Betriebsräte* (works councils) are employee-only bodies, and employers with five or more employees must facilitate their election if duly requested. Councils have broad codetermination rights and can veto decisions concerning the introduction of new technology, regrading, changes in working time, payment methods, and health and safety measures. In both countries, these bodies are consulted over restructuring decisions, but their bargaining rights concerning rationalization measures are much stronger in Germany.

In FT, comité d'entreprise was established only after 2005. While the government still owned a majority of shares, the system of social dialogue was based on the civil service model, with limited importance given to collective bargaining. Union influence at the firm level was exercised through the commission administrative paritaire (joint administrative committee, CAP), which regulated such issues as promotions, mobility and individual grievances – all areas where the unions play a strong role in the French civil service. In addition, a Comité Techniques Paritaire (joint technical committee, CTP) was comparable to the private sector comités d'entreprise without well-developed bargaining rights.

Today, managers must discuss every important decision on organizational changes, technology or work design with the *comité*, but union fragmentation has worked against effective influence. Elections are an important measure of support for each union, and the most successful are CGT, SUD and CFDT in this order; but they often take opposing positions, particularly with regard to restructuring measures. Thus the unions have tended to focus on regulating work through traditional public sector routes, negotiating central agreements on pay, job classifications and promotions and leaving management with broad autonomy over work place HRM decisions. This administrative focus is even stronger outside FT, where union membership is much lower and influence over *comités* considerably weaker.

At DT, private sector works councils have been in place since privatization in 1995 (before then, employees elected *Personalräte* with rather weaker powers). They negotiate agreements at establishment, company, and corporate group level, and agreements cover all workers, including civil servants. Councils were traditionally dominated by DPG (and now *ver.di*) members, and the union has remained closely involved in their activities in the company's fixed-line business. They are thus potentially more unified at the company level, with coordinated bargaining positions and strong relationships with one union. At the same time, cooperation at corporate group level is quite weak, reflecting different traditions and levels of union support among the workforce in each company (Sako and Jackson, 2006).

Outside DT, councils are often the sole form of labour representation, and tend to have weaker ties to unions. Unions have the greatest potential to influence working conditions through the works councils and so have targeted them in campaigns at newer firms; but the union role is primarily restricted to providing legal advice and support for company-level bargaining. Thus, close relationships between unions and elected worker representatives and unified strategies towards work reorganization have remained strongest in DT's traditional fixed-line division, reinforcing the union focus on protecting the interests of this group of workers.

Implications for Call Centre Management

How, and in what ways, have these differences in institutions and actor priorities affected management strategies and worker outcomes? We focus on call centre jobs, which have been the main target of restructuring and cost cutting measures. They represent a substantial share of tele communications employment, around 20 percent of the workforce in both FT and DT. In 2005, FT employed 13,200 customer service employees in its French call centres, while DT's German call centre workforce was over 30,000 in 2003. We find variation in two main areas: pay differentiation and employment practices.

Pay Differentiation

Telecommunications firms differentiate pay for call centre jobs by intro duc ing new job classifications and pay scales in-house, or by externalizing work either to subsidiaries or to subcontractors. There are growing pressures in both France and Germany to seek labour cost savings through these measures. Telecommunications employers can gain flexibility and labour cost savings through subcontracting in both countries, and the practice is common. However, the potential differences in pay and working conditions are greater in Germany. More encompassing institutions in France appear to limit employers' willingness and ability to seek pay concessions in-house or to externalize jobs. In contrast, more fragmented bargaining at DT and in the German telecommunications sector have encouraged more radical restructuring, greater use of externalization, and concession bargaining, leading to a marked downward trend in wage levels.

In France, the bargaining system limits the possibilities for undercutting existing employment terms and conditions both within and across sectors. First, the telecommunications agreement discussed above encompasses all firms in a very broadly defined set of activities and includes any of their subsidiaries. This establishes the level of base pay at €16,521 for new entrants and €17,773 for experienced workers. German firms lack this structure and thus find it easier to renegotiate contracts or avoid bargaining altogether at new subsidiaries.

Second, a separate sectoral agreement was negotiated in France for call centre subcontractors in 2001 as an amendment to the agreement for service providers, and extended to all firms in 2002. Its minimum wage level of €15,375 (2008) is close to France's statutory minimum wage; however, this statutory wage is high in international comparison and indexed to cost of living increases, thus creating a wage floor that employers cannot undercut in negotiations. The service provider agreement also has rules concerning the use of part-time work, overtime, and the minimum pause between calls (from four to 10 seconds based on complexity). In Germany, most call centre subcontractors have no union agreements and relatively weak works councils. As there is no minimum wage, subcontractors can pay as little as €3 to €4 an hour, a practice reportedly common in east Germany.

German firms, and particularly DT, also have a greater incentive to reduce pay for these jobs because their pay levels have traditionally been higher than those in France. Table 2 compares starting salary for call centre workers serving residential customers in both countries. T-Com, the fixed-line division of DT, was paying €34,620 starting salary for a 34-hour work week in 2006, compared to €19,826 for equivalent jobs at FT. As discussed below, these jobs have been moved to the subsidiary T-Service, or outsourced to major subcontractors like Walter Services, which have wage rates that are more in line with those at FT and in the French subcontractor agreement.

These differences give managers distinct opportunities and incentives to use restructuring measures to reduce pay for call centre jobs. FT has kept most call centre work in-house and has increasingly centralized and standardized pay setting. As it built up its call centres, it organized them around separate models: fixed-line centres remained smaller and employed a large proportion of civil servants, greenfield centres were established for newer wireless (Orange) or internet (Wanadoo) subsidiaries, and FT continued to operate several internal centres for these subsidiaries. In 2004, seven call centres with 1400 employees were managed by Orange, while FT managed more than 20 additional Orange centres. Base pay was the same across these models, but company agreements allowed for differences in variable pay: in fixed-line centres, individual incentive pay represented around 5 percent of salary, while at Orange, 15–17 percent of salary was based on individual incentives and five percent on group incentives.

These three trajectories are now converging on a single model of centrally organized call centres. Fixed-line and internet centres were brought together in 2006, and between 100 and 150 local call centres were net worked into 11 virtual centres. These organizational changes have been accompanied by a growing focus on performance management and increased economies of scale, but no changes in base pay. In theory, civil servants and private employees have separate pay scales; however, there is currently only one system of wage bargaining and agreements have sought to harmonize job definitions. FT has outsourced peaks in call volume or certain low value business activities, but has not sold centres to third party providers.

Insert Table 2 about here

DT also initially adopted different strategies for organizing call centres in its major business units and subsidiaries. As at FT, its T-Com fixed-line centres tended to be smaller, but have been progressively consolidated over the past decade, accompanied by more centralized management and 'virtual networking' across regions. T-Com initially kept its more complex customer service and sales jobs in-house and maintained high pay and working conditions, with little internal differentiation. The newer wireless (T-Mobile) and internet (T-Online) subsidiaries established new call centres, or took over and expanded existing T-Com locations. As at FT, these companies made greater use of variable pay, although differences were initially smaller, at about 7 percent at T-Com and 10 percent at T-Mobile in 2006. DT also reorganized special campaign work, some directory enquiries and late night calls into a new group of call centres that serviced all three companies.

However, in contrast to FT, restructuring of call centre jobs resulted in growing variation in base pay across companies in the DT corporate group and, more recently, substantial reductions. The differential between call centre agents at T-Com and T-Mobile increased over the past decade following a series of concessions negotiated at T-Mobile: in 2006, the starting annual salary at T-Com was around €35,000 compared to €25,000 at T-Mobile (see Table 2). DT has also gradually shifted its call centre jobs into subsidiaries and subcontractors with weaker or no collective agreements. In the late 1990s, T-Com outsourced most directory enquiries and outbound telemarketing to a non-union subcontractor, Walter Services; and while ver.di eventually negotiated a collective agreement with the company (the only agreement in this sector), pay was considerably lower, at around €16,000 starting salary. In 2002, the former DT subsidiary T-Online sold three of its five call centres to different subcontractors. In 2004, DT established a new call centre subsidiary, Vivento Customer Services (VCS) and reduced pay to

91.25 percent of employees' former salary. In 2006, DT sold five of the 19 VCS call centres, representing around 700 employees, to two subcontractors, as the first stage of a plan to sell all sites. Then, in 2007, following an emotional battle with *ver.di* that involved the first major strike in the company's history, DT moved its entire call centre workforce to a new subsidiary, T-Service. The collective agreement included a 10 percent pay cut for existing workers, a 30 percent cut for new hires, and increases in variable pay to 15 percent with 'pay at risk' (contingent on meeting performance targets).

GCC data provide further evidence that wage inequality is more pronounced in Germany than in France. We compare responses from centres in which respondents have identified telecommunications as their primary area of business and that do not belong to FT or DT, separating these into in-house and subcontractors. The nominal mean wage level is much higher in Germany (€22,252) than in France (€16,967) (which also has a shorter working week of 35 hours); but there is also greater variation in wage levels (see Table 3). Coefficients of variation (the ratio of the standard deviation to the mean) indicate that overall wage dispersion in telecommunications call centres is much larger in Germany (30 percent) than in France (20 percent). Also, the ratio between the interquartile range and the median wage is nearly double in Germany (0.51 compared to 0.25). Subcontracted call centres pay significantly less than in-house centres in both countries. However, the wage gap between the two segments is larger in Germany, with a difference between mean wage levels of 1.37 compared to 1.29 in France. Notably, the wage levels of subcontracted centres in France are concentrated around the median wage and the sectoral minimum wage (€13,860 in 2004). This demonstrates the importance of the sectoral minimum wage in France.

Insert Table 3 about here

We ran further multivariate regressions on average wage. Because the sample size is so small, reliability is low; however, results broadly show that the wage gap between subcontractors and in-house call centres is greater in Germany than in France even when controlling for factors such as firm size and educational level. These outcomes are consistent with results from the full call centre sample (Batt and Nohara, 2009).

Thus while there are similar trends in both countries of growing variation in pay for call centre jobs, both the extent and form of differentiation vary. Higher bargaining coverage in France may prevent firms from escaping regulation altogether, reducing wage competition among firms; and appears to result in a somewhat narrower wage dispersion across call centre jobs, especially subcontractors. However, pay levels overall are lower for these jobs in France. This suggests that one outcome of concession bargaining and outsourcing in Germany may be cross-national convergence on lower wages for call centre work.

Employment Practices

A second area where management has sought to restructure call centre jobs is through new employment or HRM practices. Following liberalization, both the former monopolists and their competitors faced similar challenges and opportunities: the growing complexity of products, intense cost pressures, demands for improved customer service quality and the availability of new technologies for routing calls and predicting fluctuations in call volume. They responded by introducing more flexible scheduling, adopting new performance management practices and redesigning work.

We focus here on the fixed-line business areas of FT and DT, drawing on comparative findings from the companies' newer call centres and the GCC data. Scheduling and performance management practices differed most substantially between the two countries, with DT and other German call centres adopting a higher degree of individual worker control and discretion in both areas. Both companies had working time accounts or annualization of working hours, whereby employees work additional hours in high seasons (with no overtime pay) and then reduce working time by an equivalent amount during times of reduced demand. Scheduling was increasingly flexible at both companies, with new practices targeted at more closely matching agent availability with fluctuating call volume. But scheduling arrangements gave DT workers more individual control over when they worked and how they organized their breaks. At FT, annualization was negotiated between the *comité* or *delegués* and management. These agreements established formal rules that restricted management's ability to change schedules, although with some flexibility during high-volume seasons; and gave individual agents little choice over their schedules. At DT, in contrast, agents were able to choose their schedules, which varied according to seasonal and weekly changes in call volume. Individual employees had broad choice over when they would work additional hours or draw hours in their working-time account, secured in an agreement with the works council. This meant that supervisors had to negotiate scheduling changes with each member of their teams.

FT's performance management strategy also relied more heavily on monitoring and scripting, while works councils at DT were able to negotiate strong limits to individual monitoring, encouraging more group or team-based forms of work organization. Both firms were standardizing coaching and performance measurement. At FT, the comité was consulted on rules concerning the use of electronic monitoring; but monitoring intensity had increased on a range of metrics, and scripts were increasingly used to standardize customer interactions. At DT, the works agreement did not permit electronic monitoring of individual agents, and required the results of 'mystery calls' on call quality and talk time or sales statistics to be aggregated to the work group level. As a result, variable pay and sales incentives were also team-based, and there was a strong focus on developing and training workers within teams.

These differences in management approach were directly influenced by negotiations with worker representatives. As discussed above, the central focus of the DPG and then *ver.di* following liberalization was protecting the working conditions of DT's core workforce. The decentralization of bargaining reinforced this strategy of seeking to influence the micropolitics of work organization, and works councils' codetermination rights over such issues as working time and the introduction of new technology gave them the resources to insist on worker discretion in new scheduling and performance management practices. In contrast, the unions at FT were considerably weaker at workplace level, because of inter-union divisions and often contradictory tactics in negotiations, giving local management more autonomy over the design of these practices. Thus different sectoral institutions provided different sources of leverage for industrial relations actors, while historic differences in actor strategies and orientations influenced the kinds of issues that became most salient in negotiations.

In contrast, the two firms adopted a similar model of work design that emphasized broad skills and internal flexibility. The complexity of calls and associated skill demands were increasing, and managers at FT and DT adjusted to this through broadening the range of tasks assigned to individual workers. At both, call centre agents handled all calls, including billing, sales and services. A more recent trend has been to train agents to cross-sell products such as fixed-line, internet, wireless and video con tent. Growing complexity was associated with some degree of work intensification: surveys conducted by trade unions in France found rising levels of call centre agent stress at FT (SUD and CGC, 2008; Théry, 2006), while interviews with call centre workers at DT documented work speed-ups associated with broadened jobs (Holtgrewe, 2006; Matuschek et al., 2007). However, the changes in job content also increased task variety, allowed companies to route different categories of calls flexibly across locations and agents and increased investment in training. The similarity in the two companies' approaches to call centre work design is particularly noteworthy when compared to findings from other countries: for example, research at US telecommunications firms showed extensive de-skilling and job fragmentation for similar jobs (Doellgast, 2008).

These more similar outcomes suggest some degree of functional equi valence in institutional supports for these practices, although here the relevant institutions are in the areas of vocational training and professional development. At FT, an internal labour market traditionally played a similar role to the apprenticeship system at DT (Reynaud and Reynaud, 1996). Employees entered FT in low level jobs with at most a *baccalauréat* (roughly equivalent to a secondary school diploma), and progressed through on-the-job training. This provided strong company-based skills and created an occupational identity centred on the notion of a ‘public service culture’, but with limited external mobility. At DT, call centre employees were trained as *Bürokaufleute* (office communication and sales assistants), involving an in-firm apprenticeship and classroom training. However, as at FT, the primary orientation of workers was to progressing within internal labour markets in a large, public sector company. Managers thus had access to a stable and highly skilled group of professionals who could be retrained to handle a variety of tasks and call types, facilitating the internally flexible work design strategies described above.

GCC data provide broadly similar evidence concerning monitoring, discretion, and level and use of skill. The span of control is higher in Germany, with almost twice as many agents per manager than in France; monitoring intensity and frequency are higher in France; and worker discretion is marginally higher in Germany than in France. Thus in both the former monopolists and in call centres in the broader industry, we observe more intensive monitoring and less individual discretion in France than in Germany. Case studies suggest that this is partially explained by the stronger role of elected representatives in Germany and the union’s strategic orientation towards the micro-politics of work reorganization. However, firms in both countries relied on broad and internally flexible forms of work design; and this approach appeared to be more common in France than in Germany outside of the former monopolists, where different systems of vocational training and career progression served a similar function of competence construction and vocational development. It remains to be seen whether this will persist as pay differentiation and cost pressures increase in both countries.

Discussion and Conclusions

This study has shown that contrasting patterns of institution-building in the French and German telecommunications industries have contributed to different management strategies and worker outcomes. In France, the unions negotiated a new sectoral agreement and FT maintained or strengthened centralized bargaining over pay; while in Germany, no sectoral agreement was established and DT decentralized bargaining to the company level. While firms in both countries faced pressures to cut costs, FT kept its call centres largely in-house under stable contracts while DT adopted restructuring measures that externalized call centre jobs, resulting in growing wage dispersion and a downward trend in pay. However, in response to new demands for increased service quality and sales, French managers put in place pervasive electronic monitoring and individual controls on workers, while German managers negotiated limits on monitoring with works councils and adopted group-based forms of work organization.

How do we explain these differences? Varieties of capitalism or ‘national models’ approaches emphasize the role of complementary institutions at the national level in coordinating economic activity and thus supporting distinct strategic choices (Hall and Soskice, 2001; Hancké et al., 2008). One interpretation of the findings here is that distinctive configurations of institutions in France and Germany served as more or less path-dependent resources for and constraints on unions and employers as they adjusted to changing markets. In Germany, the prerequisites for the dual system – sectoral bargaining and close ties between industry unions and works councils – were not reproduced outside DT. The industrial relations system thus remained based on the strength of the works councils in DT’s core operations, at the cost of heterogeneity between companies and growing segmentation of work functions such as call centres. In France, state intervention through mandatory extension mechanisms and a high statutory minimum wage prevented the radical decentralization and growth of a non-union sector experienced in Germany. However, the influence of elected worker representatives remained weak, particularly outside FT's core operations, giving management greater autonomy to adopt control-oriented employment practices. Meanwhile, vocational training arrangements in the former monopolists, based on internal labour markets at FT and occupational apprenticeships at DT, provided distinct but equivalent sources of high skill levels and strong occupational competence. This served as a resource for managers that allowed them to design jobs broadly with a high degree of internal flexibility.

Analysing developments in terms of the adjustment of the formal institutions associated with two different coordinated bargaining systems helps to explain why sectoral and firm-level regulation continued to be articulated differently in each country. However, worker representatives and managers also made choices that resulted in new sectoral institutions and new patterns of pay differentiation and employment practices. Drawing on the societal effects approach (Maurice and Sorge, 2000; Maurice et al., 1986; Sorge, 1991), we argue that to explain these choices it is necessary to examine the social processes through which actors were constructed at the industry and workplace level. Union and management responses to the challenges associated with liberalization and privatization represented innovations in action, but through innovating they also reproduced existing 'logics of action' that had been developed within the public monopolies in each country.

A central point of contrast between France and Germany is the relationship between different forms of workplace representation and union action (Gumbrell-McCormick and Hyman, 2006). The German works council has a stronger position than the French *comité*, both in relation to the union, because of union pluralism in France, but also in relation to management, because of the higher professional legitimacy of German works council members and their stronger rights to intervene in economic, technical and organizational decisions. This translated into greater management autonomy in French firms. As bargaining was decentralized, works council and *comité* responses were rooted in these distinct roles. In Germany, strong codetermination rights and structures could be extended to new companies within DT and its new competitors. This alleviated pressures for establishing an additional level of bargaining, while making it difficult to centralize or coordinate bargaining across strong works councils with increasingly fragmented interests (Sako and Jackson, 2006). In France, unions could use the technical rights of the *comités* to influence some decisions, but still retained a monopoly over negotiation for their own representatives (*delegués syndicaux*) in the firm.

Thus, elected representatives in German firms had greater political autonomy towards unions than those in French firms. In addition, within the former monopolists, industrial relations actors had developed their own distinctive practices and structures that persisted after privatization. For the unions at FT, it was easier to adapt negotiation at sectoral level through replicating core elements of the public services model, with its rigid grading structure. A sectoral agreement allowed them to broaden their scope of action to new firms while leaving a large margin for negotiating more favourable agreements at FT and its largest competitors. FT accepted this, as it had an interest in standardizing wages to avoid competition with its major competitors on the basis of labour costs. For the union at DT, the most effective strategy appeared to be maintaining control in the firm's core workplaces, where union representatives could continue to enact established bargaining patterns through an arti culated dual system. Their orientation towards social partnership with DT remained central to established patterns of bargaining and political action. However, this limited their scope for innovating through establishing new forms and structures of representation outside these work places. Moreover, the industry focus of German unions led to growing competition between unions in the sector and uncertain boundaries for appropriate union domains.

These different actor orientations and identities proved remarkably stable at a time when formal institutions were changing rapidly. They then gave worker representatives different forms of strategic advantage in influencing restructuring or work reorganization decisions. The major telecommunications union in Germany was more successful in shaping internal work reorganization in core workplaces, but to the detriment of establishing a unified system of collective bargaining in the sector – which paradoxically proved easier in France with divided and militant unions.

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Table 1. Changes in Markets and Industrial Relations

	1989–95 Limited liberalization		1995– Privatization and full liberalization	
	France	Germany	France	Germany
Market and ownership	1991: Postal services separated from telcoms	1989: Postal services separated from telcoms	1996: FT became joint stock company 1998: Monopoly ended in all markets 50% state share 2004, only 27.4% 2008	1995: DT became joint stock company 1998: Monopoly ended in all markets 26% state share 2004
% civil servants	97 (1995)	50 (1995)	70 (2008)	28 (2008)
FT/DT collective agreements	1991: New agreement for private employees, joint with *la Poste*	1990s: Separate agreements for subsidiaries No agreement at DT Group level	1997: Two-level bargaining established 2000s: Global negotiation structure at FT Group level	Growing variation in subsidiary agreements 2007: New agreements for T-Service subsidiaries with large concessions
FT/DT workplace representatives	*Commissions Administratives Paritaires* (CAP) and *Comités technique paritaire* (CTP)	*Personalräte*	*Comité d'entreprise* and *Délégués du personnel* established (2005)	*Betriebsräte* established (1995)
Industry bargaining structure	No sectoral agreement; new competitors adhered to other sectoral agreements	No sectoral agreement; new competitors company agreements if any	1998–2000: Sectoral agreement for all private employees, extended by state	Company agreements with different unions; many employers with no union agreement
Major unions	CGT, SUD, CFDT, FO, CGC, CFTC	DPG	CGT, SUD, CFDT, CGT-FO, CFE-CGC	DPG (later ver.di), IG Metall, Transnet, IG BCE

Table 2. Pay Levels in Collective Agreements for Telecommunications Call Center Employees

	France				Germany			
	France Telecom (2007)	Orange Mobile (2007)	Sectoral agreement (2008)	Sub-contractor agreement (2008)	T-Com (2006)	T-Mobile (2006)	T-Service (2008)	Sub-contractor (Walter) (2008)
Annual starting pay (€)	19,826	19,826	16,521	15,375	34,620	24,888	23,490	~16,000
Proportion variable	5%	20%	N/A	N/A	7%	10%	15%	15–20%
Working hours	35	35	35	35	34	38	38	40

Table 3. Pay Disparities in Telecommunications Call Centers (GCC, 2004)

	France			Germany		
	Total	In-house	Sub-contractor	Total	In-house	Sub-contractor
Observations	24	10	14	16	6	10
Mean annual pay (€)	16,967	19,545	15,125	22,252	26,787	19,531
Coeff. of variation	20.2%	20.4%	6.3%	29.8%	24.9%	26.4%
Median (€)	15,550	19,000	14,925	20,177	24,960	17,680
Interquartile range/Median	0.25	0.11	0.08	0.51	0.34	0.17